

1977 ENERGY POLICY ILLUSTRATIONS

By
Norman Rask

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Department of Agricultural Economics
And Rural Sociology
The Ohio State University
Columbus, Ohio 43210

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Preface

The following illustrations were developed for use as overhead transparencies in presentations dealing with U.S. energy policy. These illustrations identify some of the major participants in the current energy policy debate, depicting their role, both as contributors to the problem and to it's solution. While everyone has a stake in the outcome of a national energy policy, it is possible to show only selected "actors" that are intended to be representative of the major interest groups involved.

The focus is on medium term policy that addresses the expected "1985" supply shortfall in world oil production. The anticipated price rise for world oil will cause serious economic problems -- hence the emphasis on showing the economic aspects of the "Invisible Crisis". Oil is our major source of energy, our most costly import and the principal reason for the "Invisible Crisis". Therefore, the cross section of energy consumers and producers focuses on oil users and suppliers.

Portions of the illustrations are very time specific. For example, since we are in the midst of a first national debate on energy policy, we have a "Carter Proposal" and a "View From Congress". These will soon evolve into a National Energy Plan. This time specific material will be updated at the appropriate time.

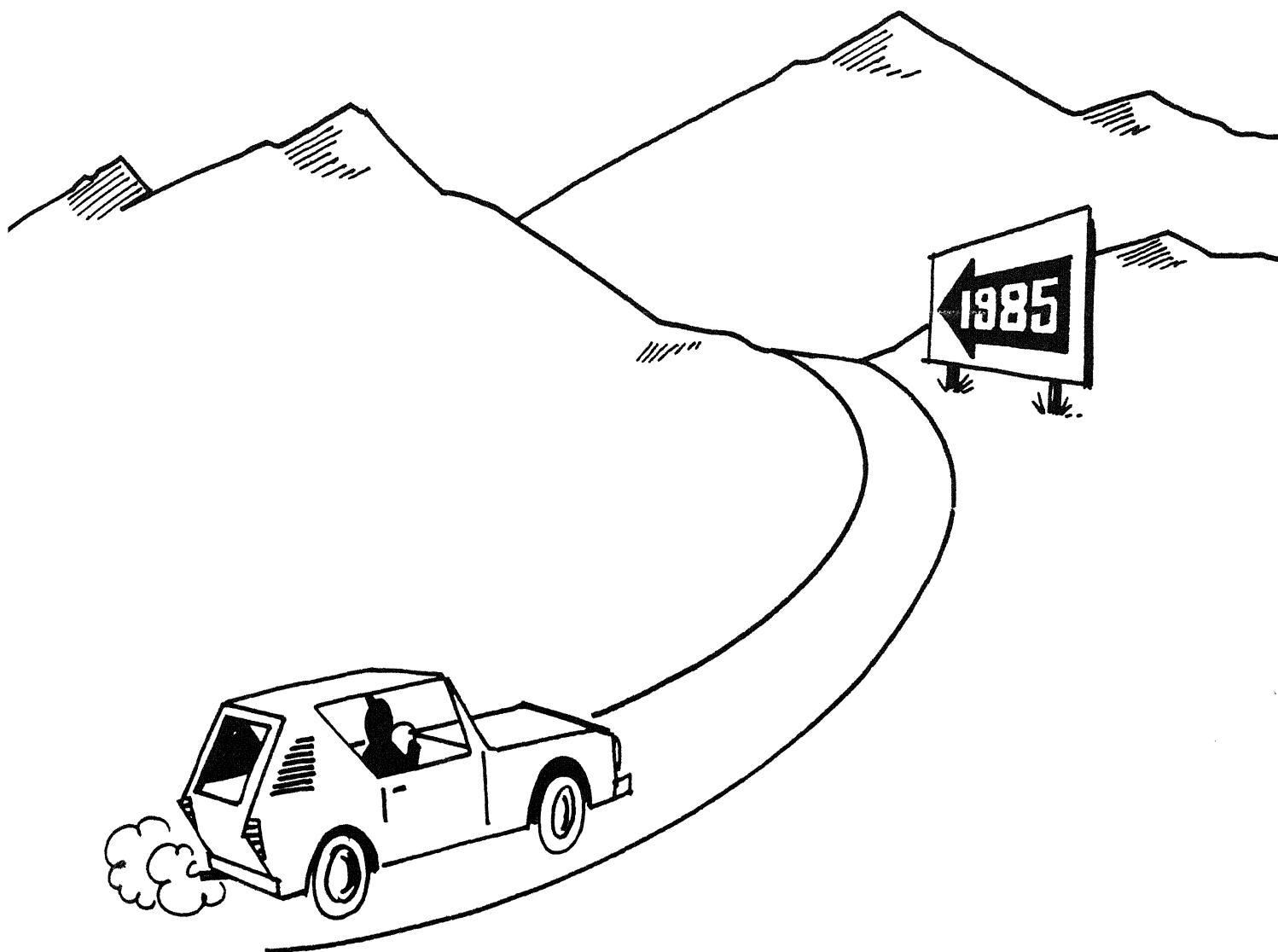
The central theme of these illustrations is that energy can no longer be treated as an abundant resource. Low price and perceived abundance have allowed us to be wasteful both as producers and consumers. All of us, then, must bear part of the responsibility for making the adjustments and sacrifices dictated by the approaching

shortages and higher prices. This will be accomplished jointly by market and nonmarket (public policy) forces. Private interests are necessarily strongly represented in the national debate. The emerging policy will represent a compromise between these special interests and a broader national interest. It is an initial step. The national debate on energy policy will not terminate with this first plan, but will likely be an important policy issue for many years.

Companion educational materials include (1) an abbreviated text to accompany the attached illustrations (ESS-559) and (2) a slide and cassette tape set.

THE INVISIBLE CRISIS

ENERGY POLICY ALONG
THE ROAD TO 1985...AND BEYOND



THE ENERGY PROBLEM - A SUMMARY

1. CONFUSION

- NO EXPERTS
- NO CENTRAL POLICY
 - LITTLE DIRECTION
- FEW SPECIFIC FACTS

2. TRENDS - SOME AGREEMENT

- ENERGY USE IS INCREASING (3 - 4% PER YEAR)
- RUNNING OUT OF GAS AND OIL
- IMPORTS ARE INCREASING
- DOMESTIC PRODUCTION IS DECREASING
- WORLD PRODUCTION APPROACHING CAPACITY

3. ALTERNATIVE FUELS - GENERAL AGREEMENT

- LEAD TIME NEEDED IS SUBSTANTIAL
 - PRODUCTION TECHNOLOGY
 - UTILIZATION TECHNOLOGY
- COST IS HIGH
- COAL IS U.S. MID TERM SOLUTION
 - PRODUCTION-TRANSPORTATION-USE PROBLEMS
- VARIETY OF SOURCES IN LONG RUN
 - EMPHASIS ON RENEWABLE RESOURCES

4. CURRENT POLICY DEBATE

- NEED TO BUY TIME
- CONSERVATION - STRETCH OUT SUPPLIES
- CONVERSION TO COAL
- STRONG FOCUS ON TRANSPORTATION (AUTOMOBILE)
 - USES OIL (IMPORTED)
 - LIMITED FUEL ALTERNATIVE
 - CONSERVATION CAPABILITY
- EQUITABLE PRICING OF FUELS
 - SUPPLY-DEMAND RELATIONSHIP
 - WEALTH TRANSFERS
 - INCENTIVES TO PRODUCE
 - INCENTIVES TO CONSERVE

5. FUTURE OUTLOOK

- MODERATE PRICE INCREASE TO 1980
 - OIL SUPPLIES FROM NORTH SLOPE AND NORTH SEA
- SUBSTANTIAL PRICE INCREASES IN 1980's
 - DEMAND WILL EXCEED OPEC CAPACITY
 - SIGNIFICANT INFLATION
 - LOWER GROWTH RATE

THE ENERGY POLICY DILEMMA

WHICH PERSPECTIVE ?



A TIME PERSPECTIVE

- — A COLD WINTER**
- — THE ROAD TO 1985**
- — BEYOND 1985**

A POLITICAL PERSPECTIVE

- — CONSUMERS**
- — PRODUCERS**
- — POLICY MAKERS**

AN ECONOMIC PERSPECTIVE

- — SUPPLY AND DEMAND (MARKET)**
- — SCARCITY ECONOMICS (NON-MARKET)**

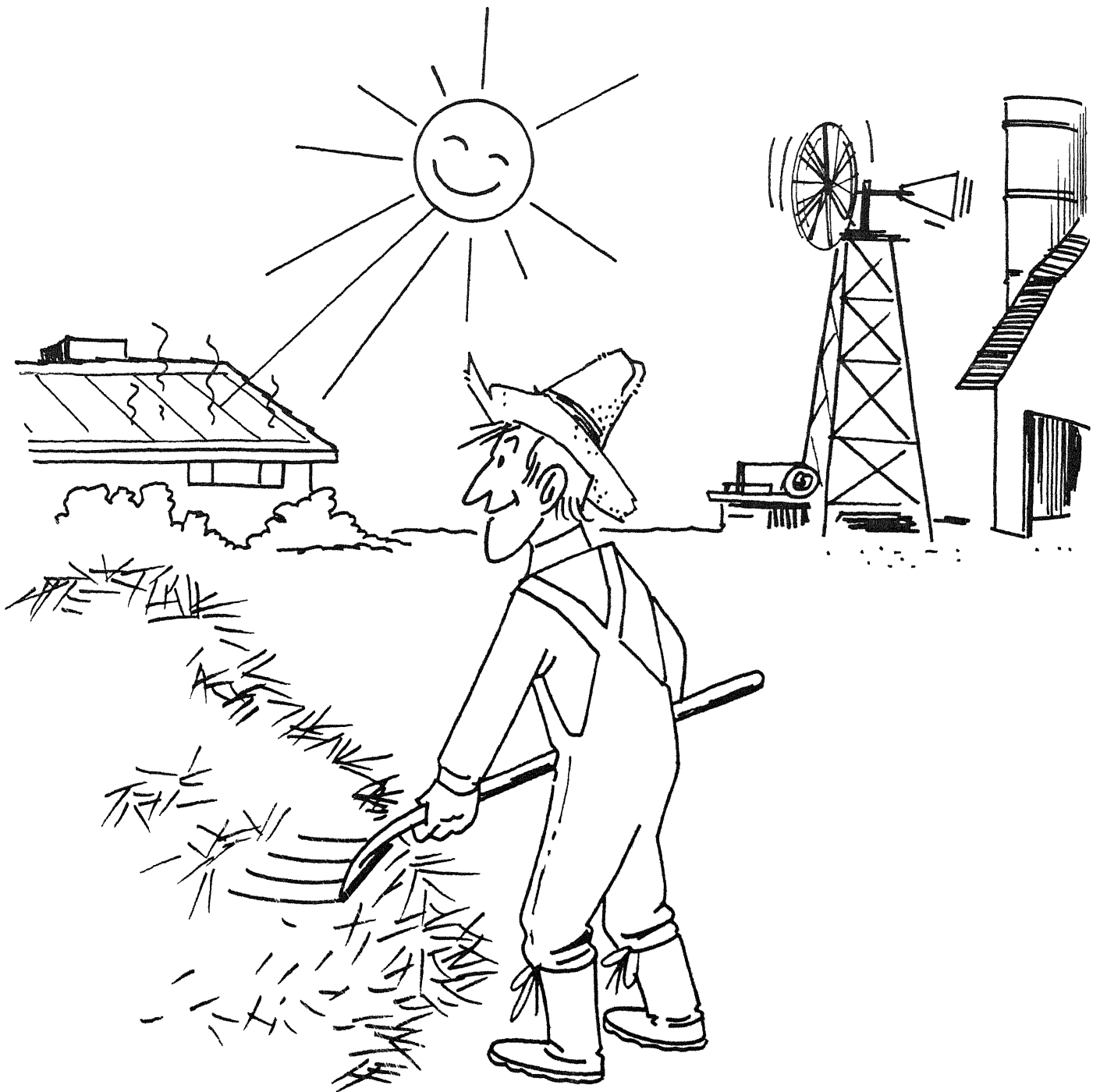
THE COLD WINTER
POLICY PERSPECTIVE
(SHORT RUN)



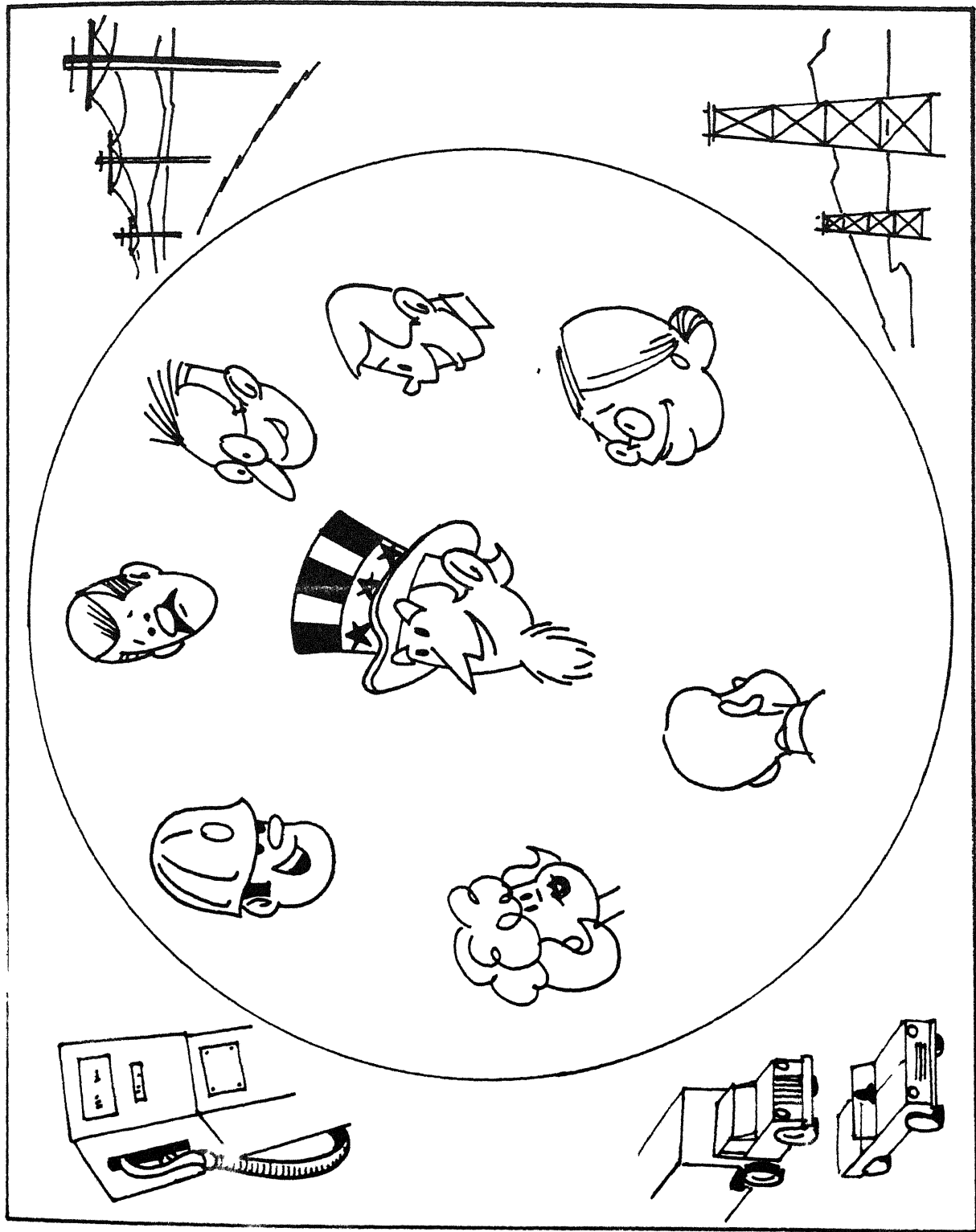
POLICY ALONG THE ROAD TO 1985



POLICY FOR BEYOND 1985



ENERGY IS EVERYONE'S CONCERN



A POLITICAL PERSPECTIVE

THE POLICY PARTICIPANTS

ENERGY DEMAND (CONSUMERS)

- 1) MR. N.R.G. GUZZ**
- 2) MRS. MIDA MERICA**
- 3) AUNT EMMA**

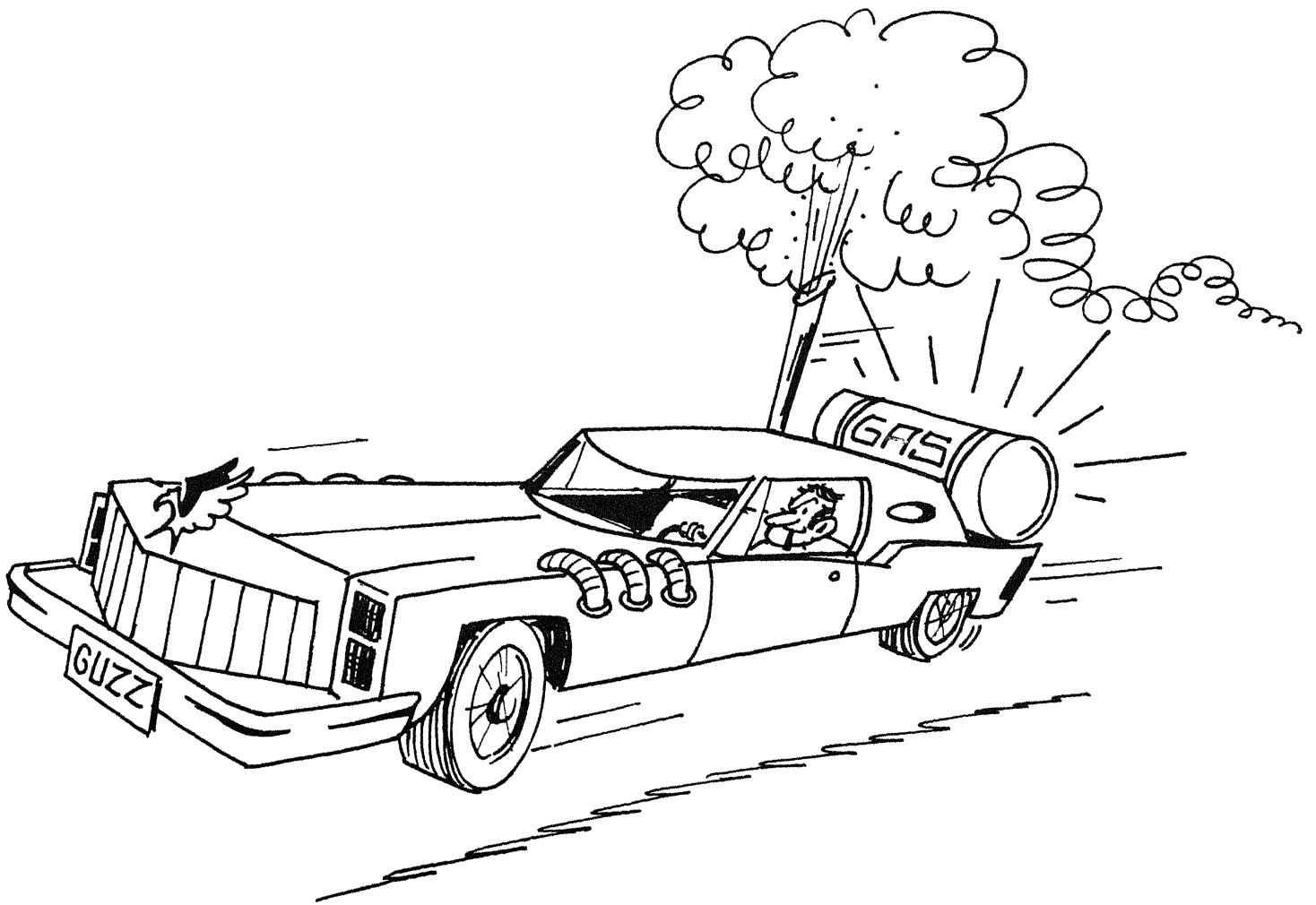
ENERGY SUPPLY (PRODUCERS)

- 1) MR. O. BARON**
- 2) MR. NU WELLS**
- 3) MONOPOLY SHEIK**
- 4) PIPER LINES**
- 5) MISS SCI TECH**

POLICY

- 1) UNCLE SAM**
- 2) HOMETOWN REP**

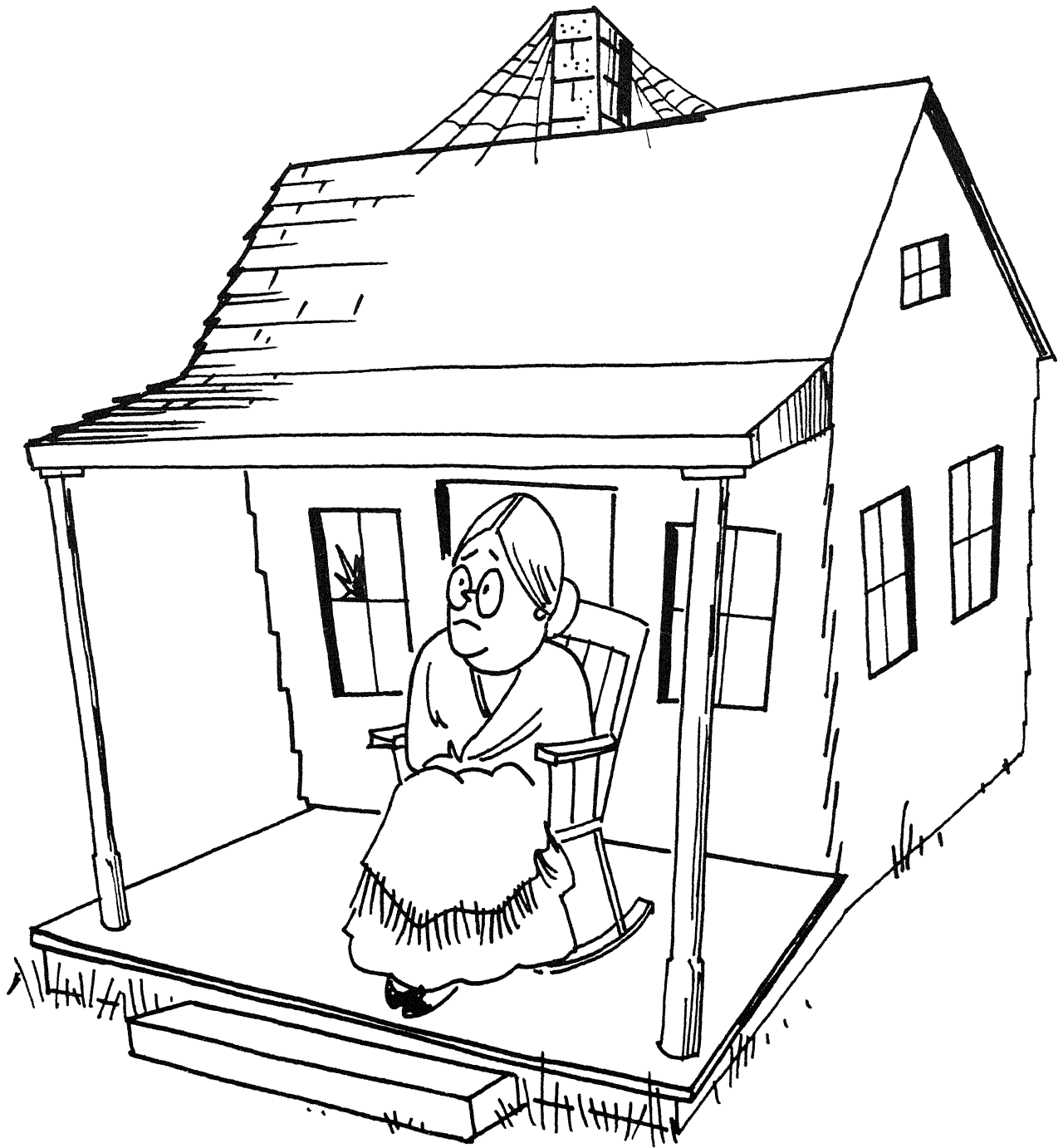
MR. N.R.G. GUZZ



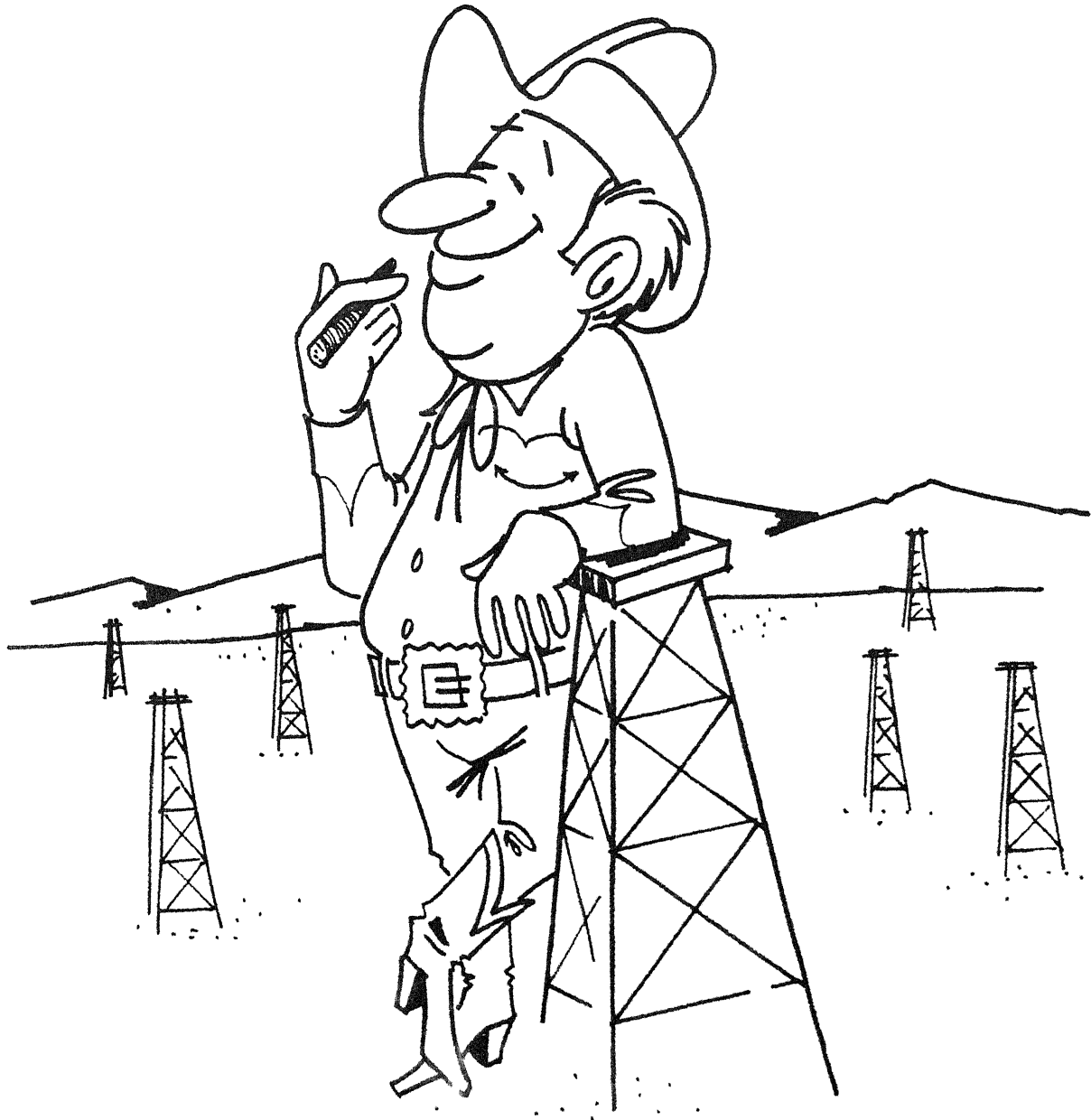
MRS. MIDA MERICA



AUNT EMMA



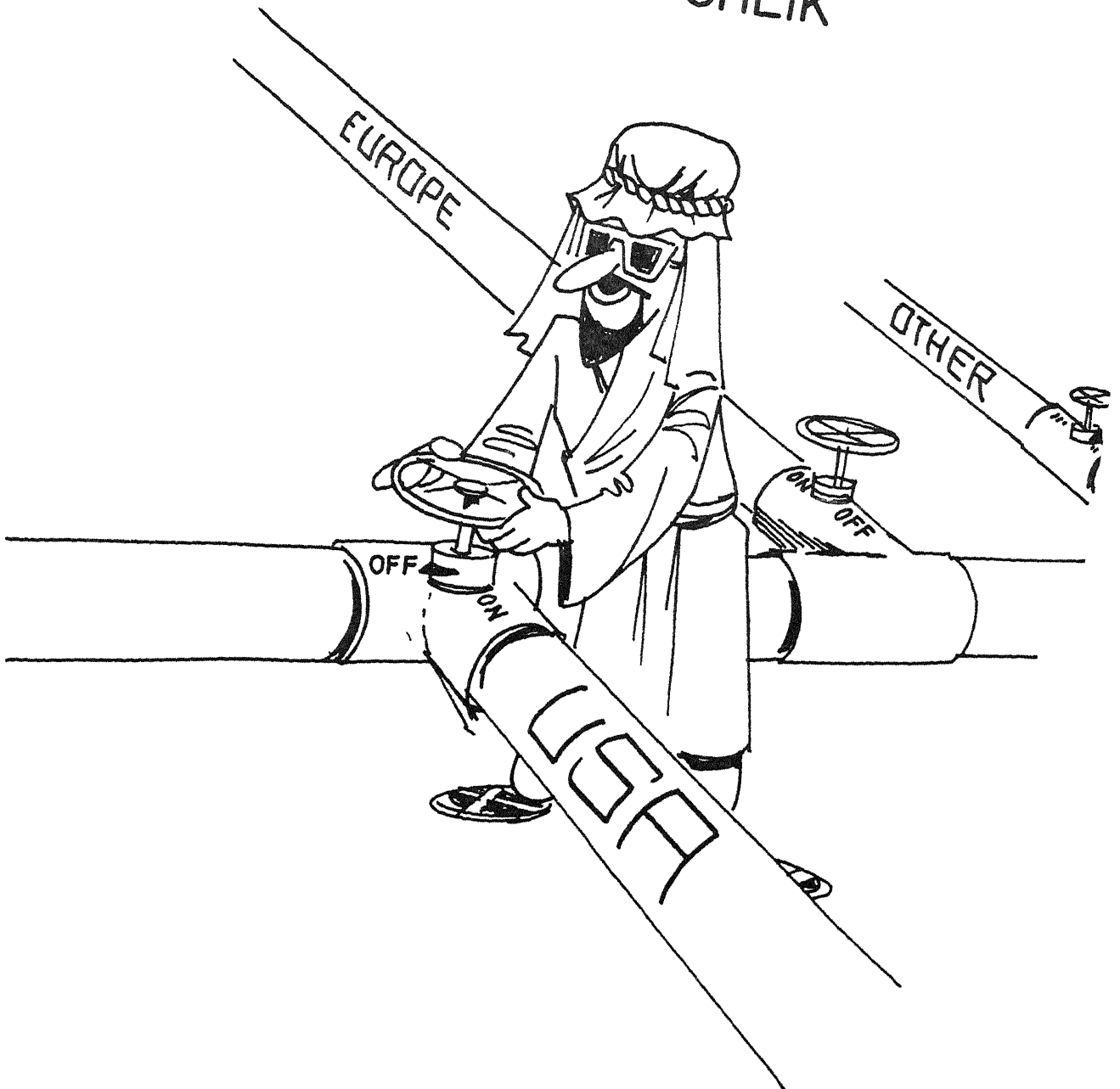
MR. O. BARON



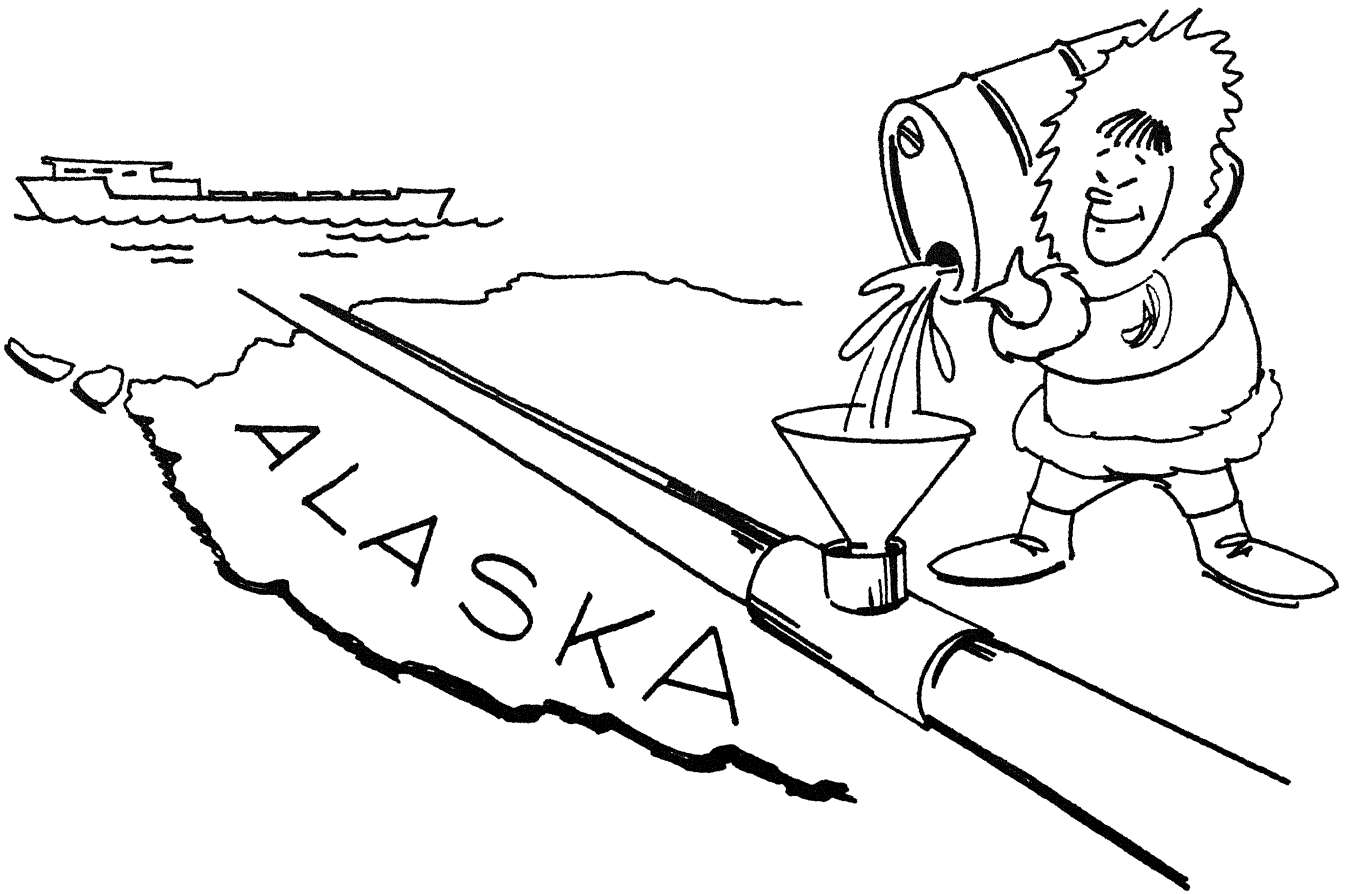
MR. NU WELLS



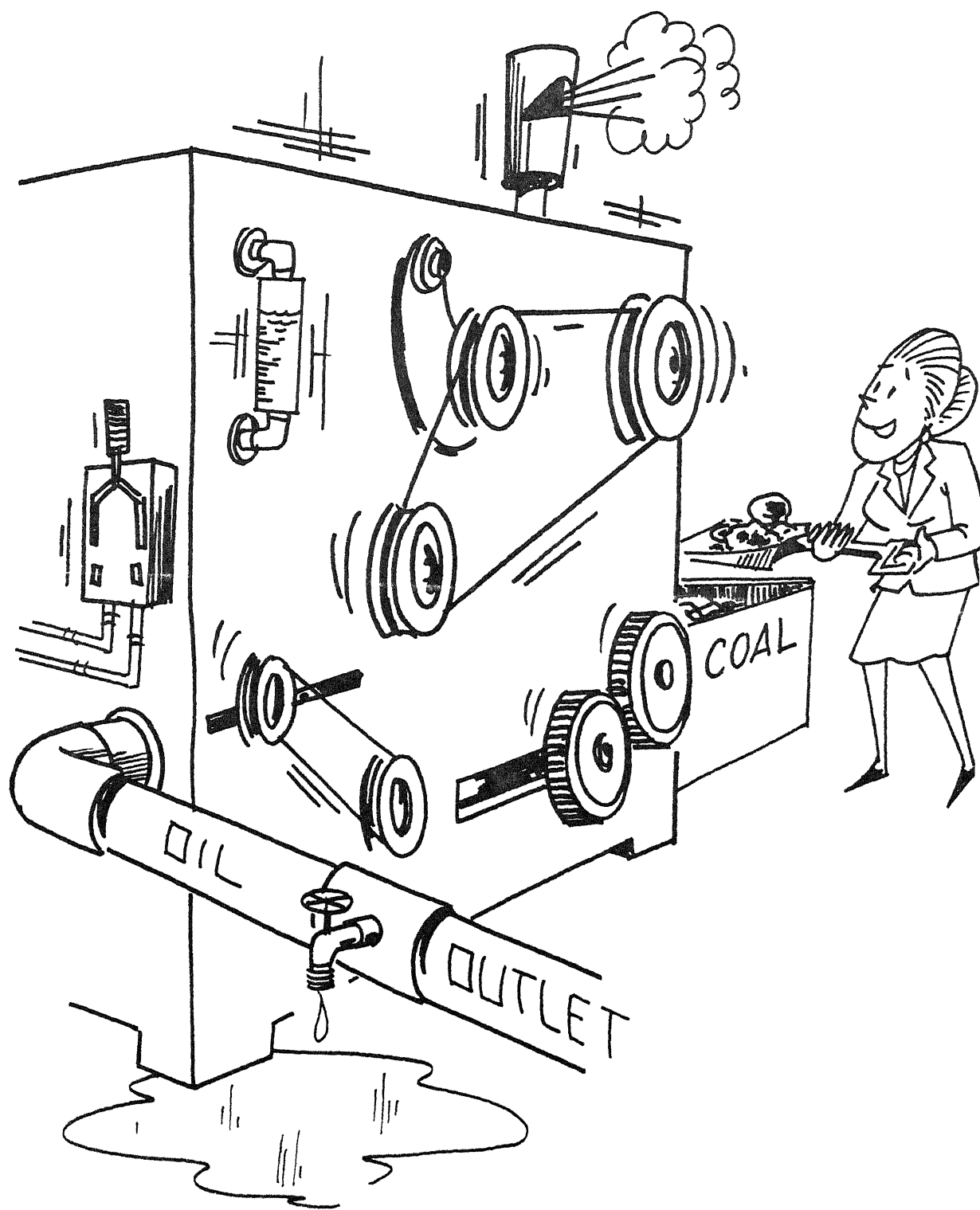
MONOPOLY SHEIK

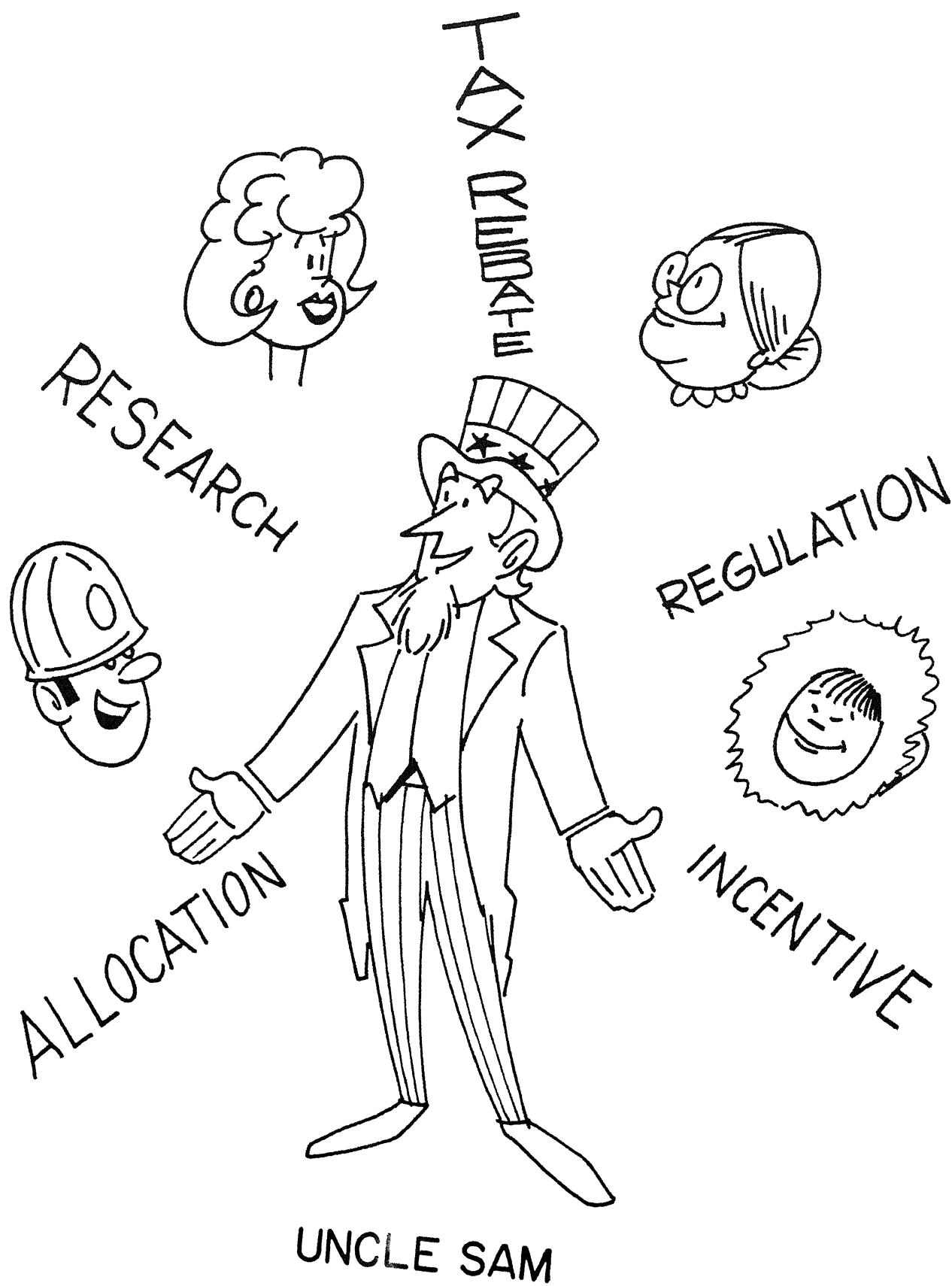


PIPER LINES



MISS SCI TECH





HOMETOWN REP



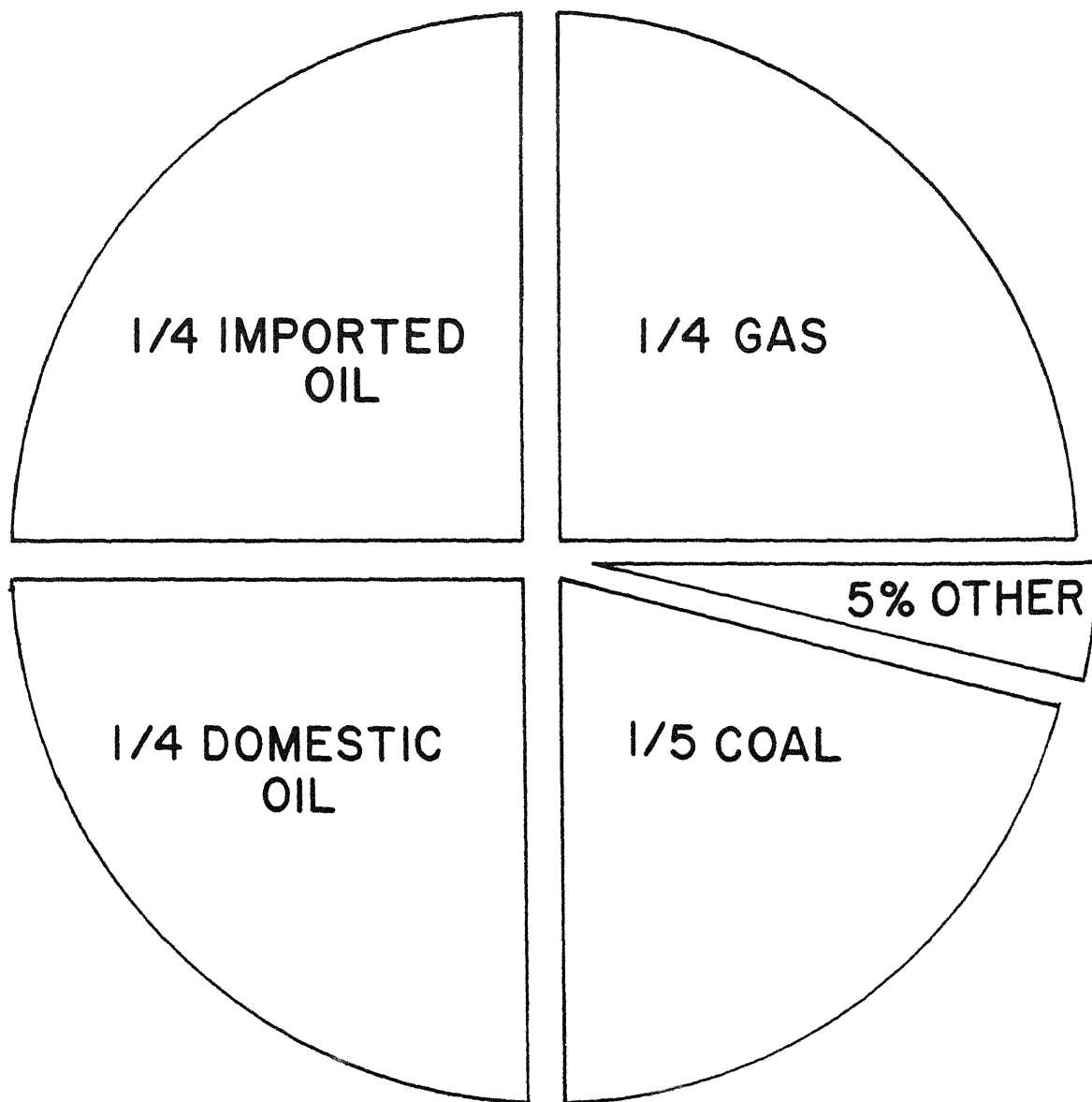
THE ENERGY SITUATION

-- U.S. ENERGY BUDGET

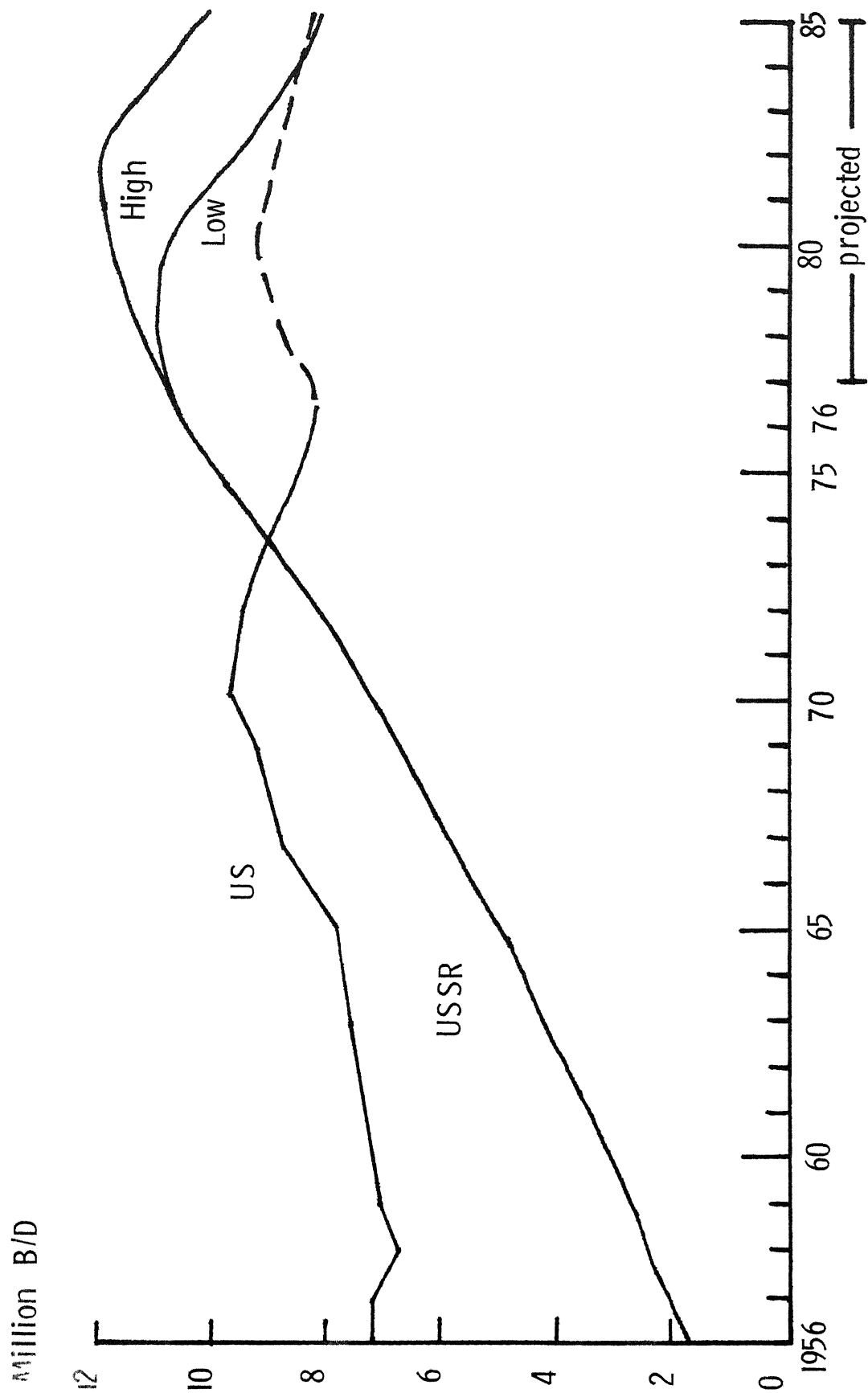
-- ENERGY SUPPLY PROJECTIONS

-- ENERGY PRICING

U.S. ENERGY BUDGET (1977)

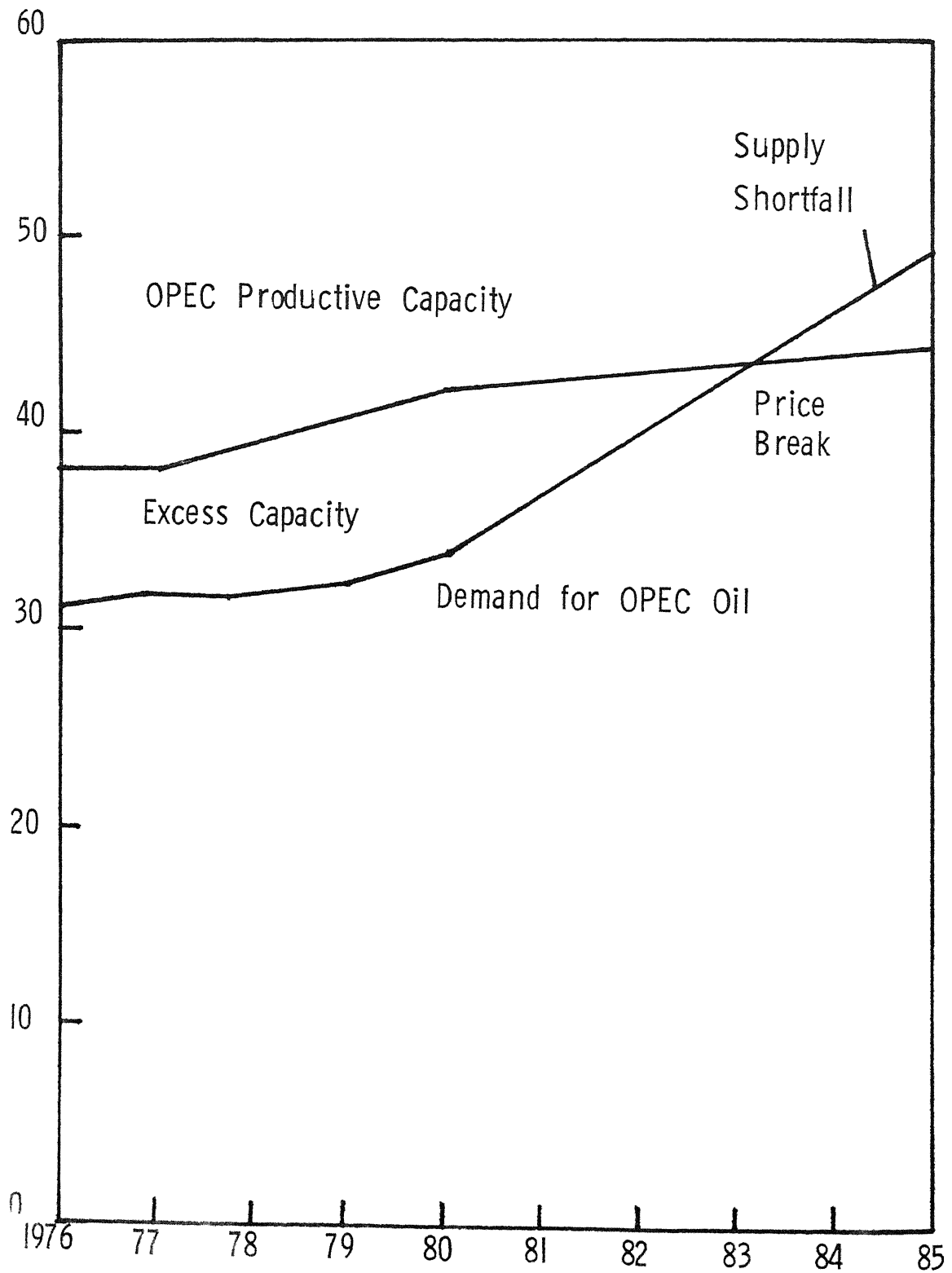


Soviet and US Crude Oil Production

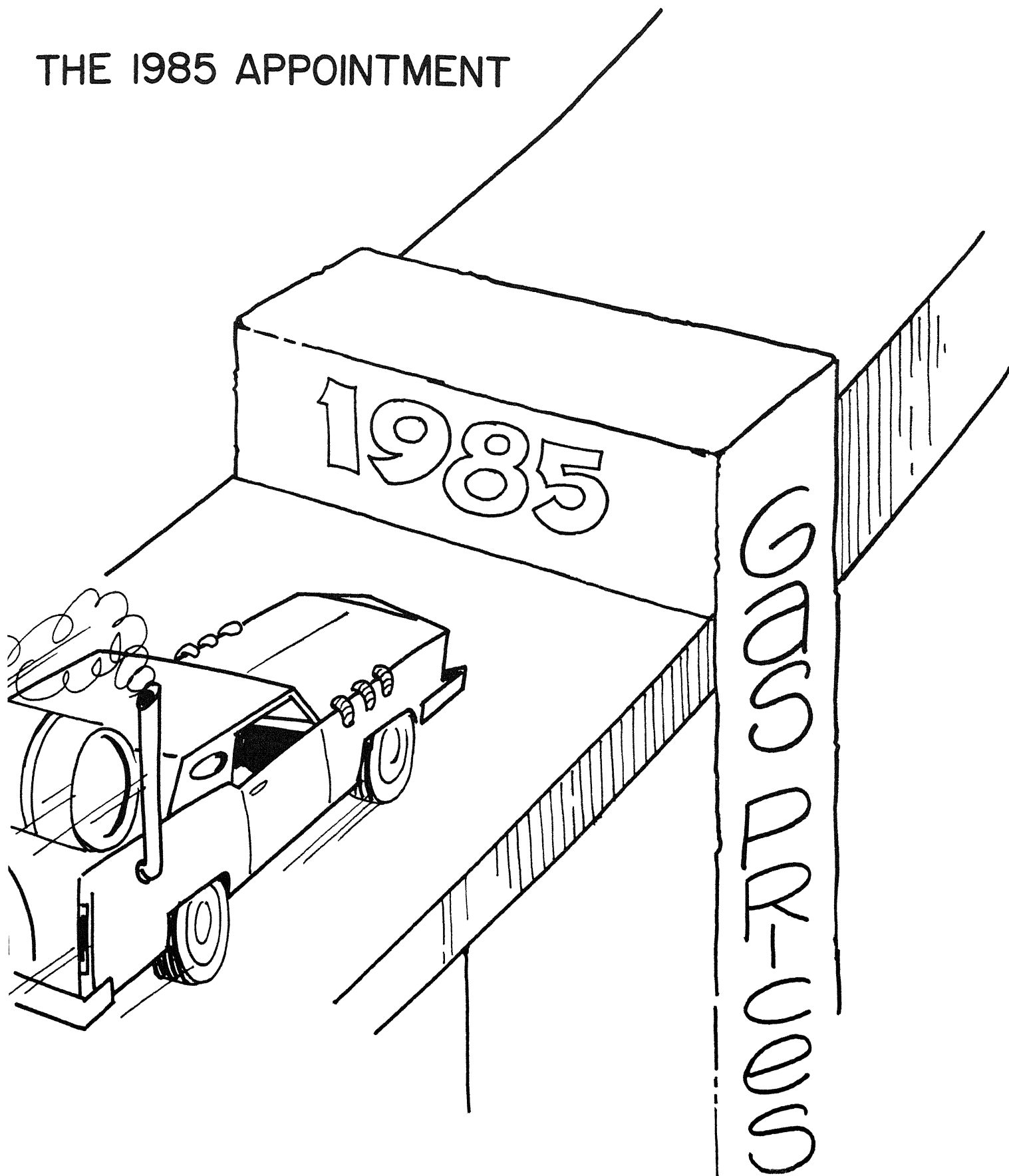


OPEC Oil: The Supply/Demand Gap

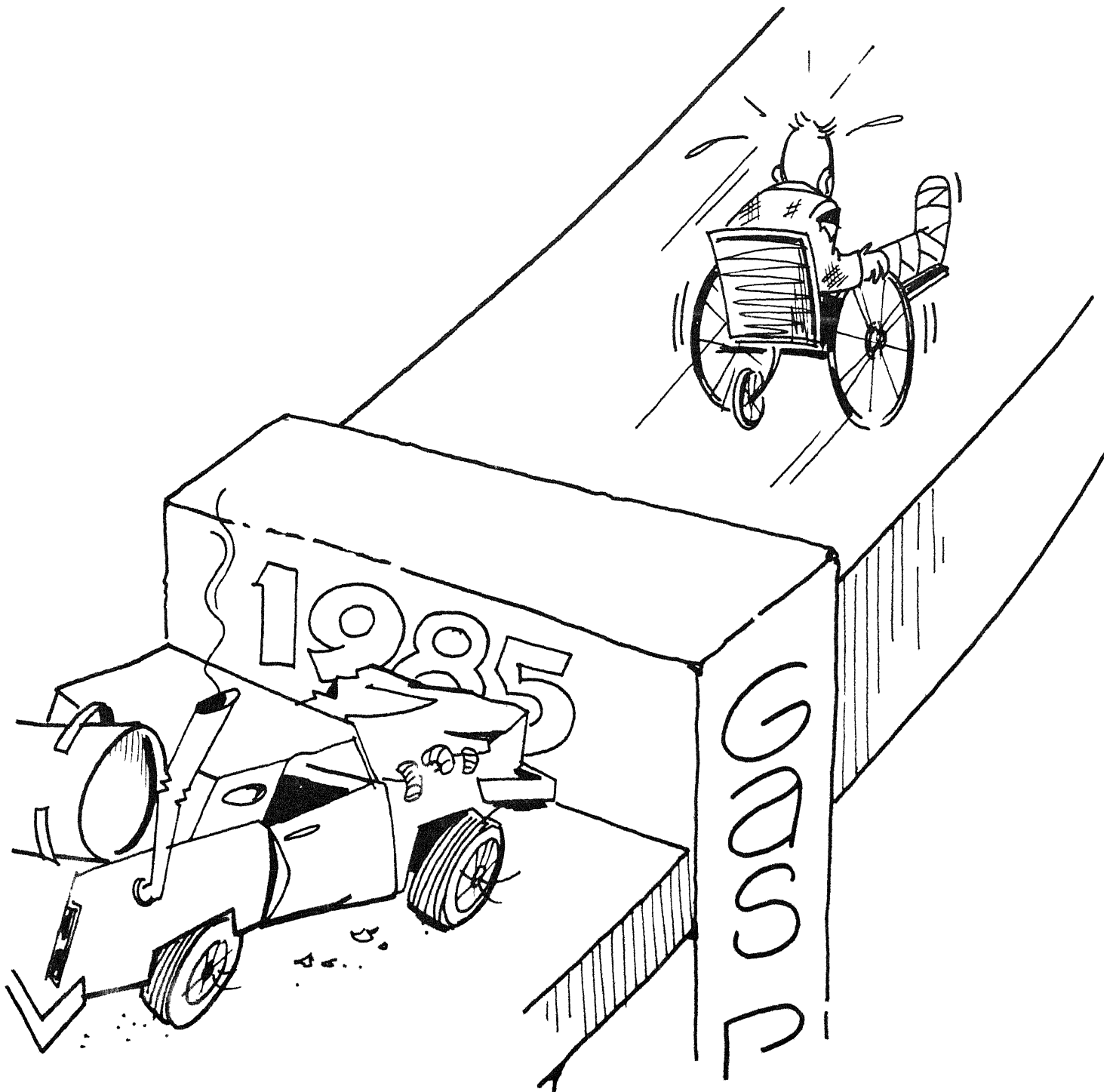
Million b/d



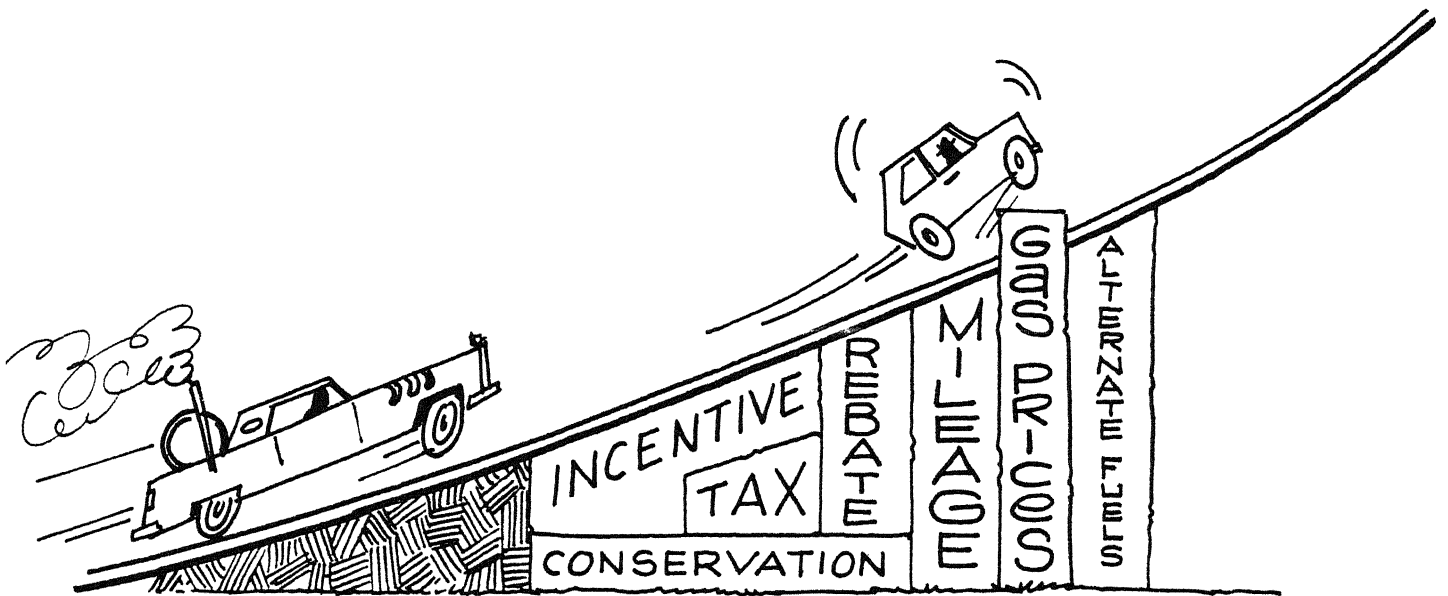
THE 1985 APPOINTMENT



THE 1985 APPOINTMENT



OR THE 1985 ALTERNATIVE



U.S. ENERGY PRICES -- 1977

(WELLHEAD, U.S. PORT, OR MINE MOUTH)

PER BARREL OF OIL EQUIVALENT

OIL

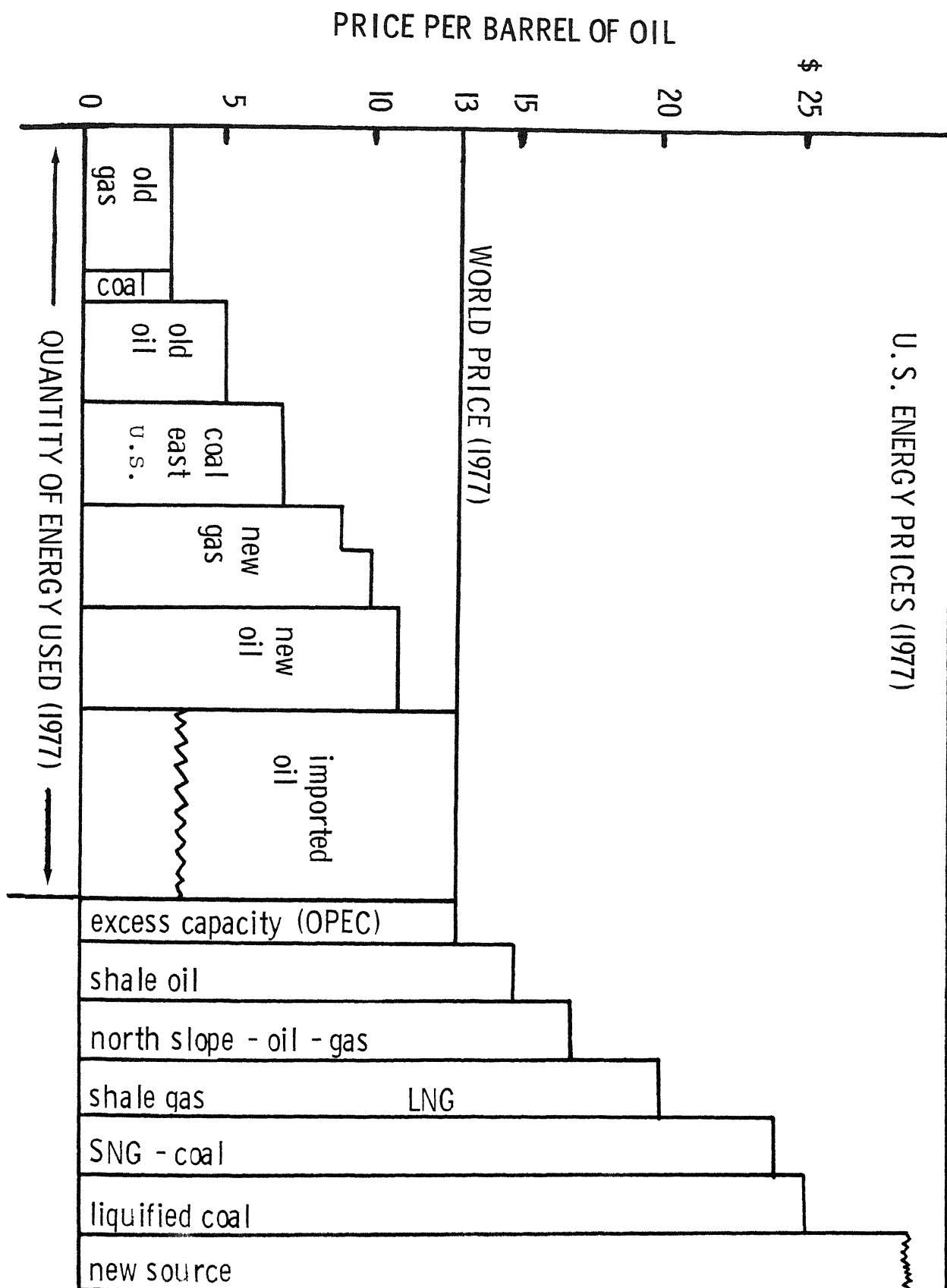
-- OLD CONTROLLED	\$ 5.25	> \$8.60
-- NEW (SECOND TIER)	11.28	
-- IMPORTED	13.00	
-- SHALE OIL	15.00	
-- NORTHSLOPE (ALASKA)	17.00	
-- TAR SANDS	18.00	
-- LIQUID COAL	25.00	

GAS

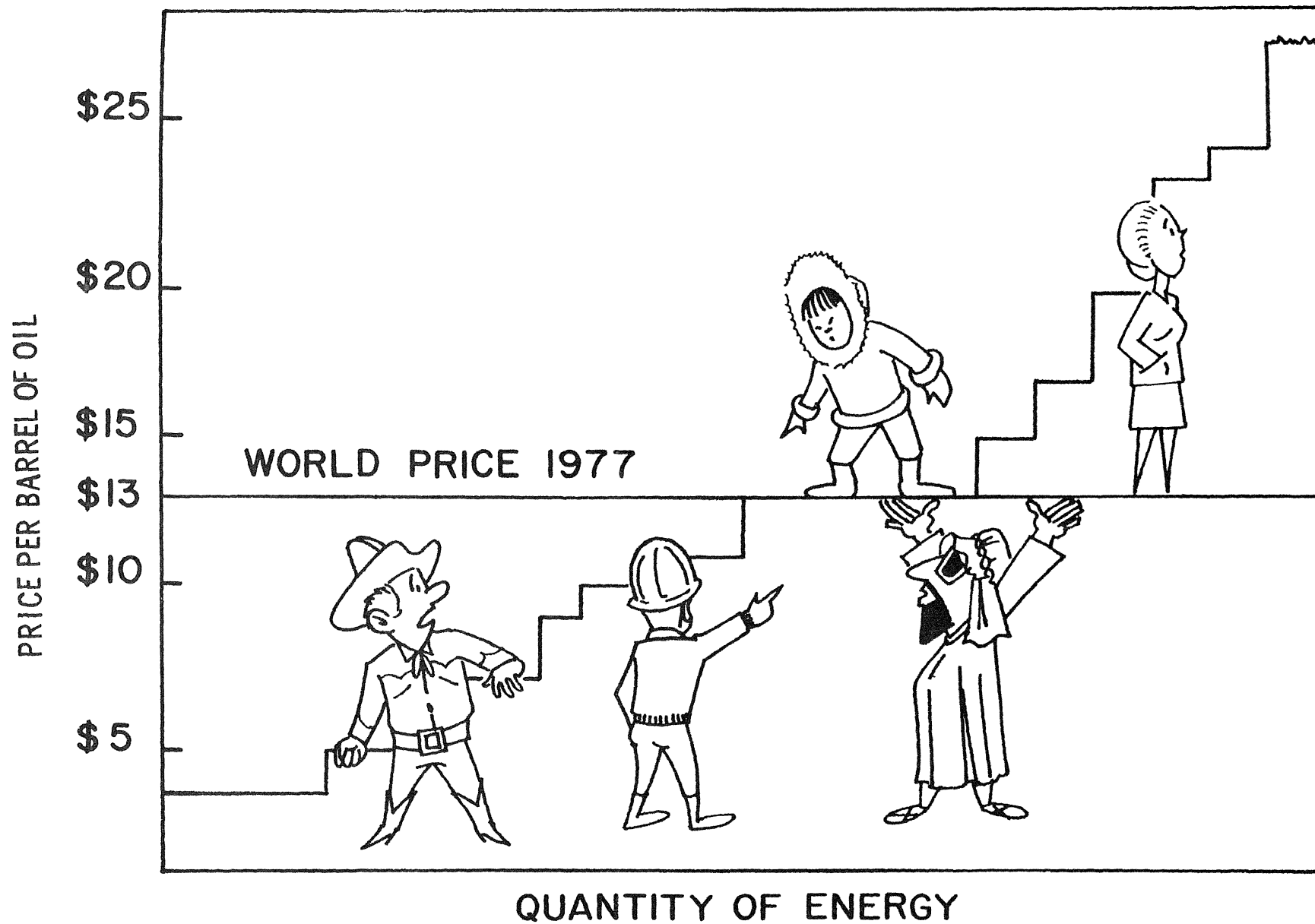
-- INTERSTATE (OLD)	\$ 3.00
-- INTERSTATE (NEW)	9.00
-- INTRASTATE (NEW)	10.00
-- NORTH SLOPE	17.00
-- SHALE GAS	20.00
-- LNG - IMPORTED	20.00
-- SNG - COAL	24.00

COAL

-- WESTERN COAL	\$ 3.00
-- EASTERN COAL	7.00

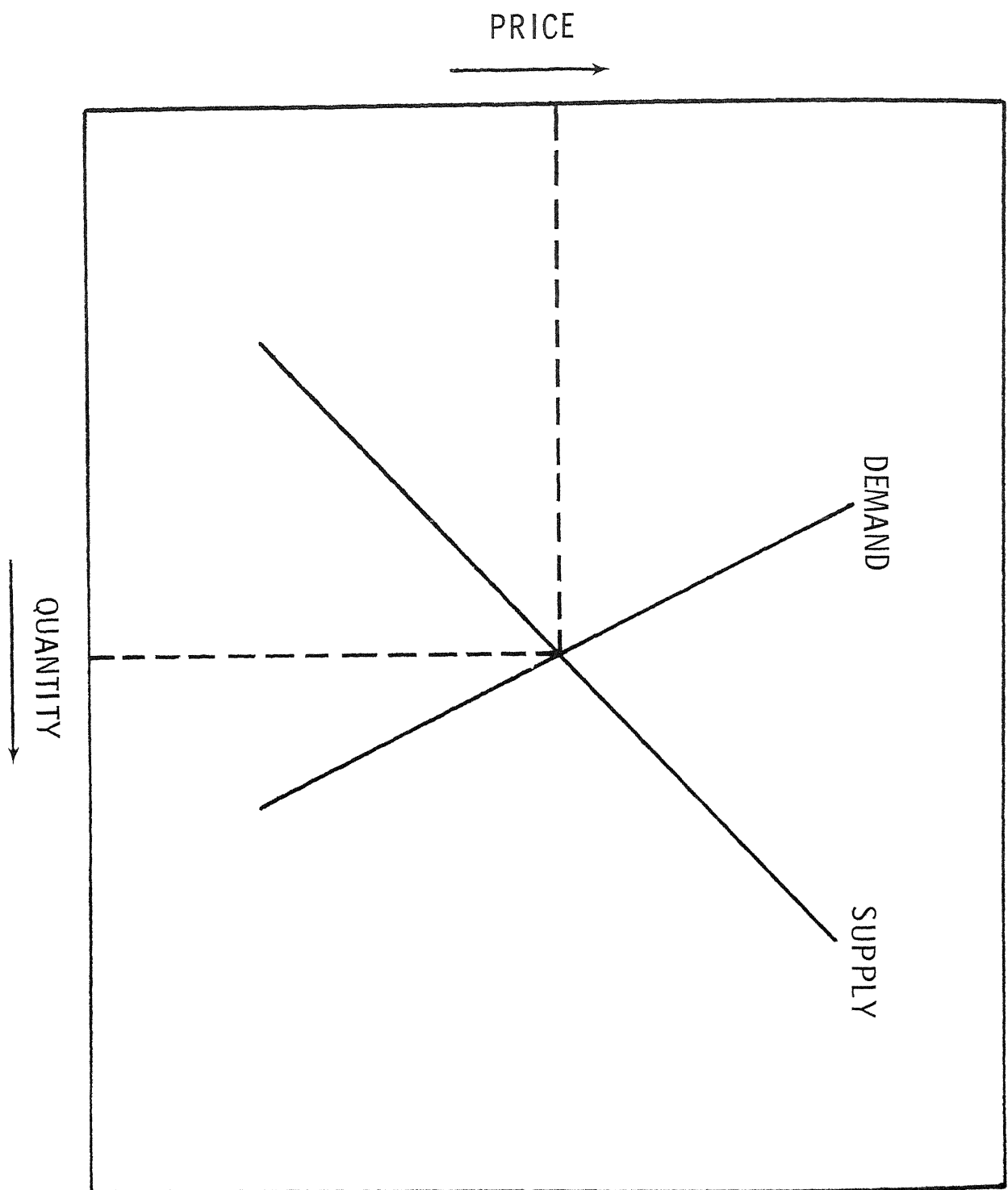


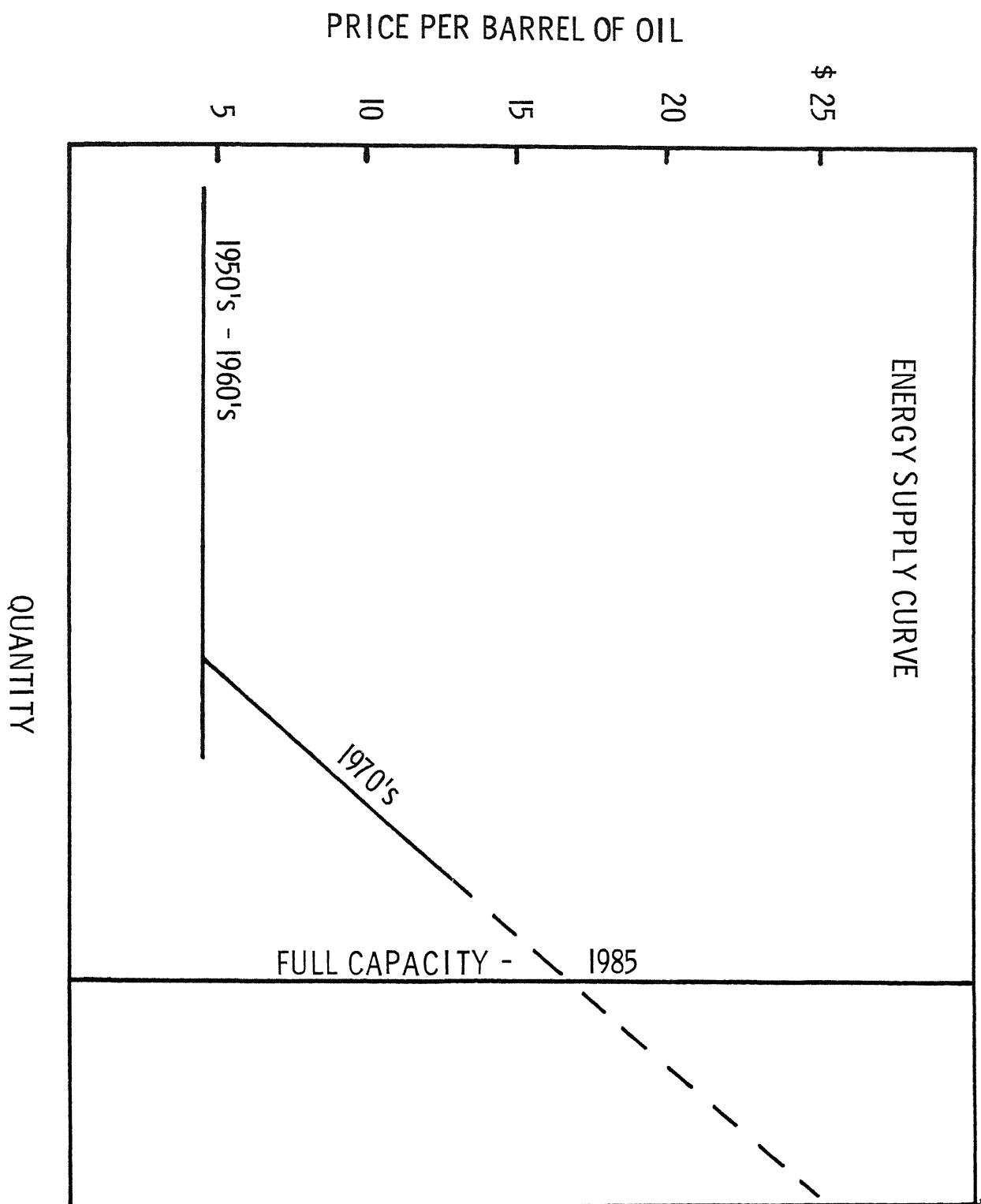
THE PRICE DILEMMA



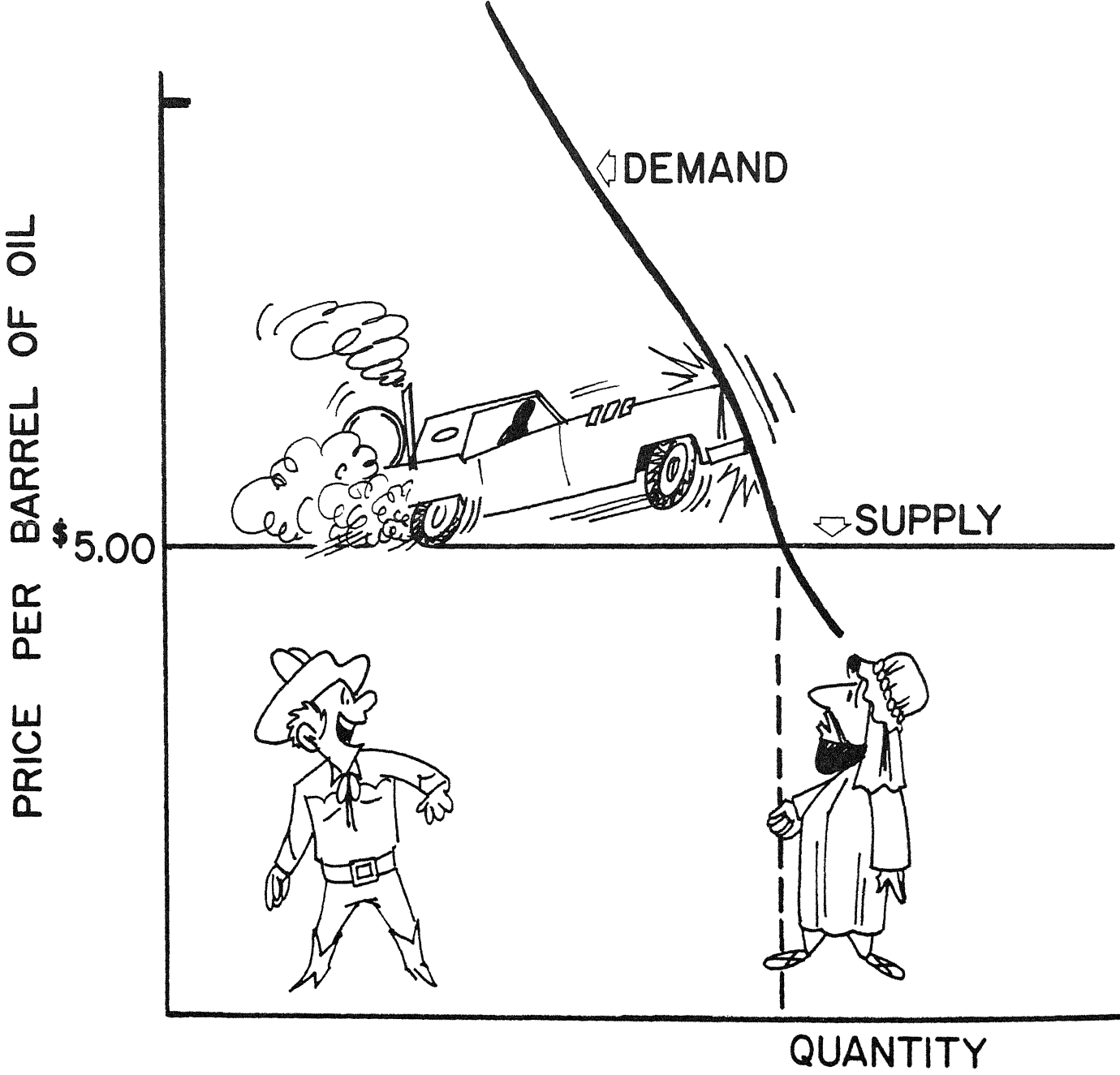
AN ECONOMIC PERSPECTIVE TO ENERGY POLICY

THE SUPPLY AND DEMAND RELATIONSHIP



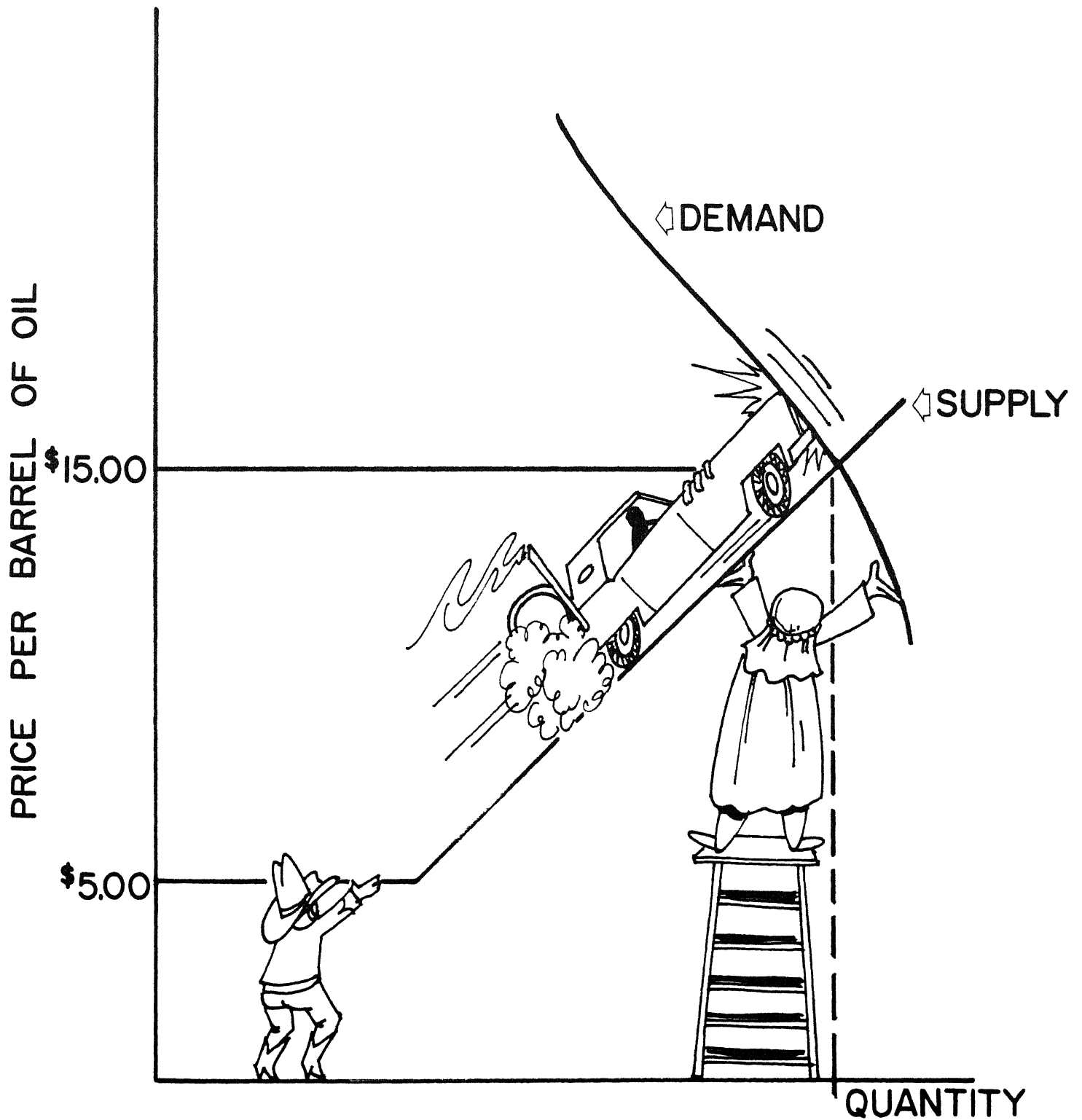


ENERGY SUPPLY & DEMAND
1950's - 1960's



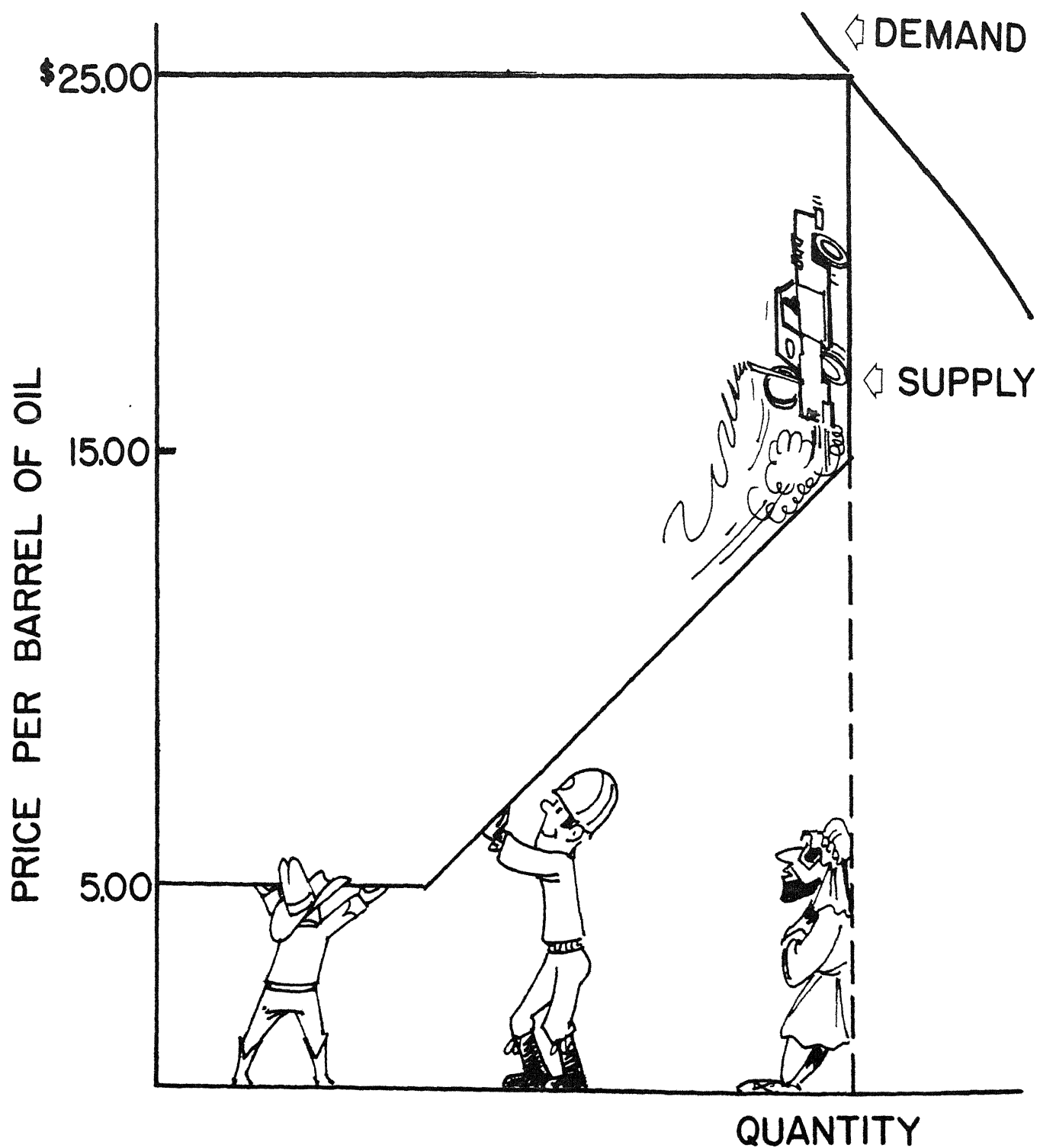
ENERGY SUPPLY & DEMAND

1970's

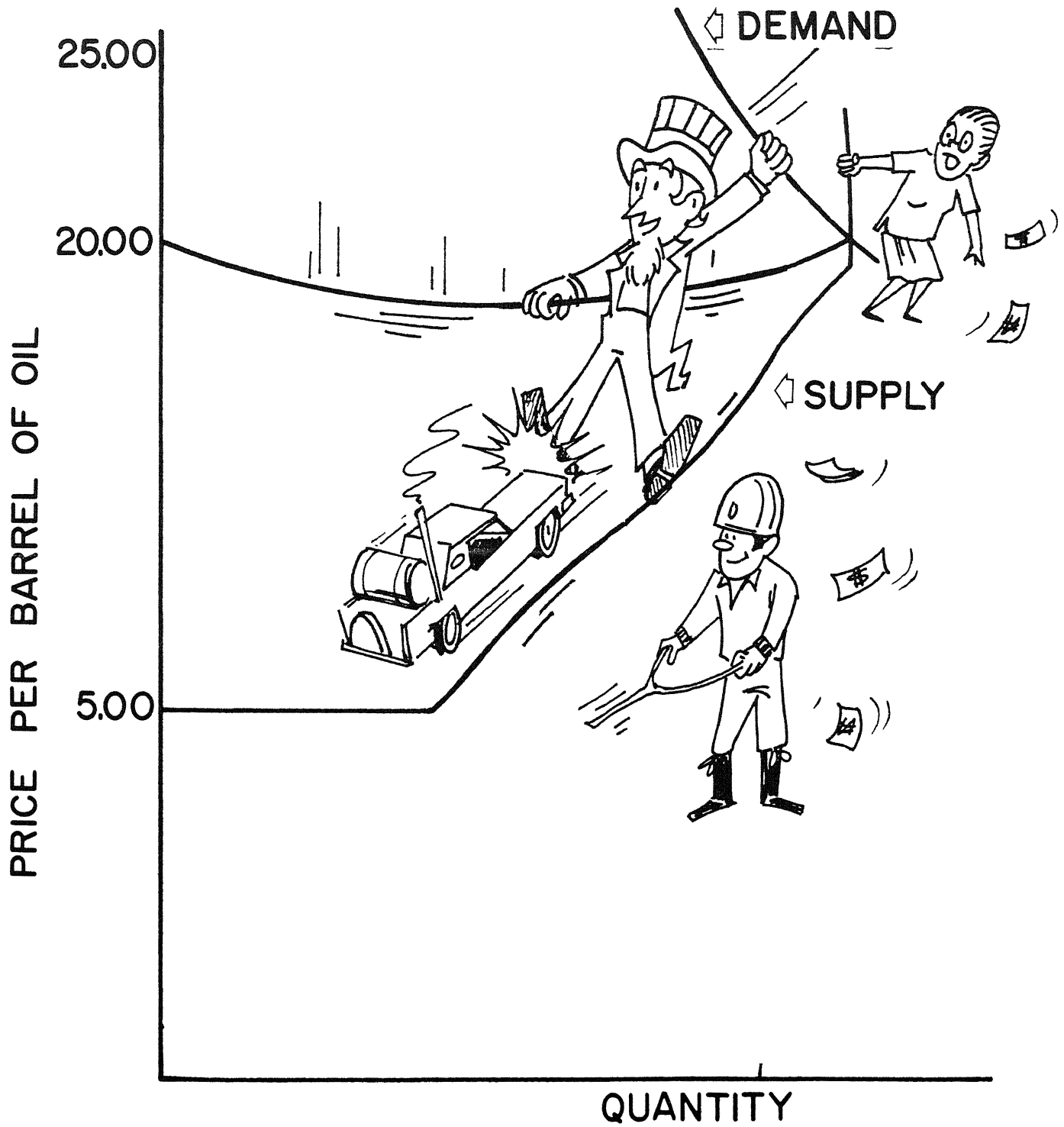


ENERGY SUPPLY & DEMAND

1985



THE 1985 ALTERNATIVE



CARTER PROPOSAL

A) DECREASE DEMAND

1. GAS GUZZLER TAX
2. MANDATORY MILEAGE STANDARDS
3. REBATE ON COMPACTS
4. TAX INCENTIVES
 - FUEL CONVERSION - INDUSTRY
 - INSULATION
 - SOLAR HEATING
5. WELLHEAD TAX -- OLD OIL
6. INCREASE GAS PUMP TAX
7. NO VOLUME DISCOUNTS (UTILITY RATES)

B) INCREASE SUPPLY

1. TAX INCENTIVES -- FUEL CONVERSION
2. NEW OIL EQUAL TO WORLD OIL PRICE (1977)
3. NEW GAS EQUAL TO WORLD OIL PRICE (1977)

C) EXCEPTIONS

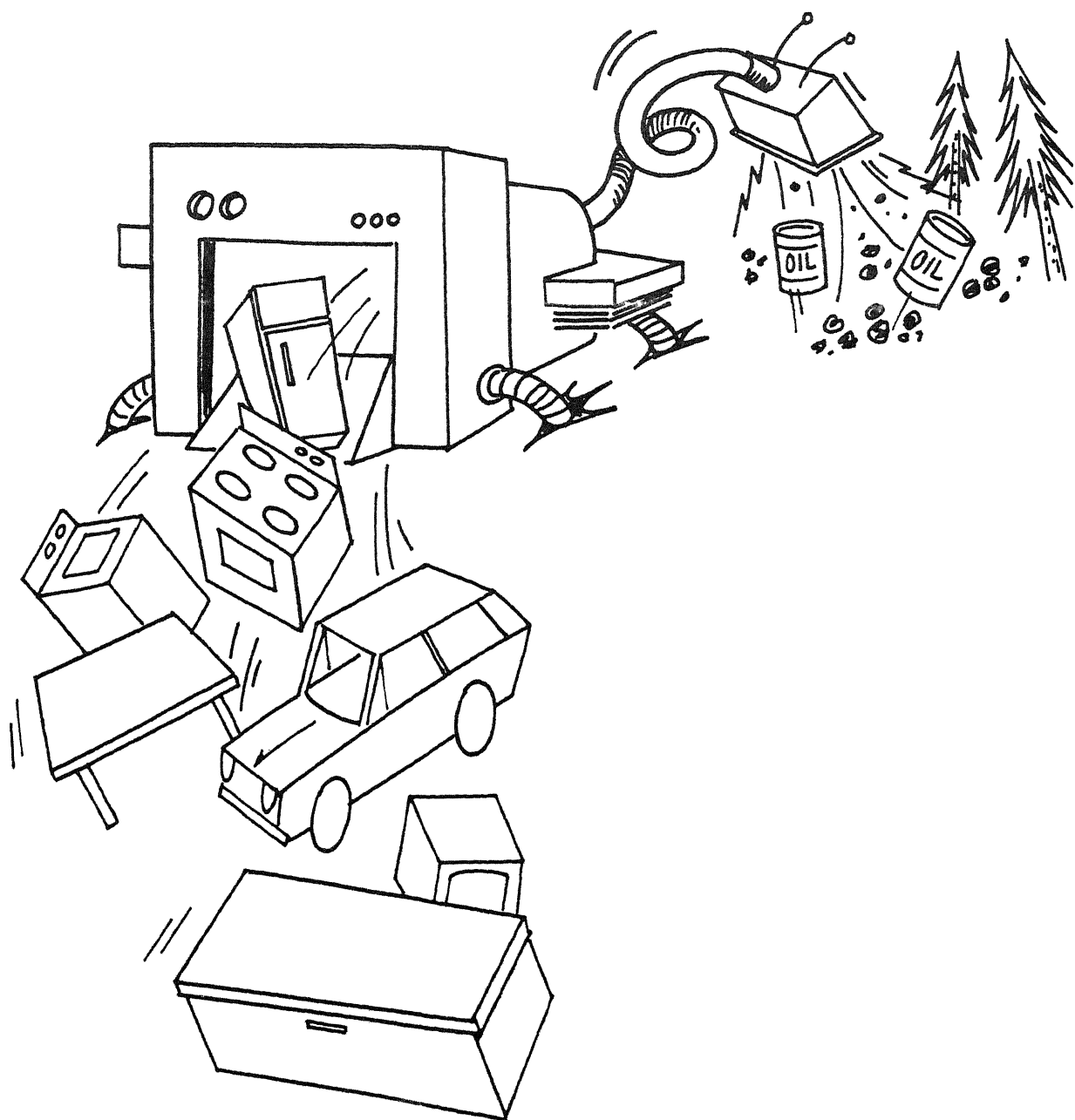
POLICY

AND

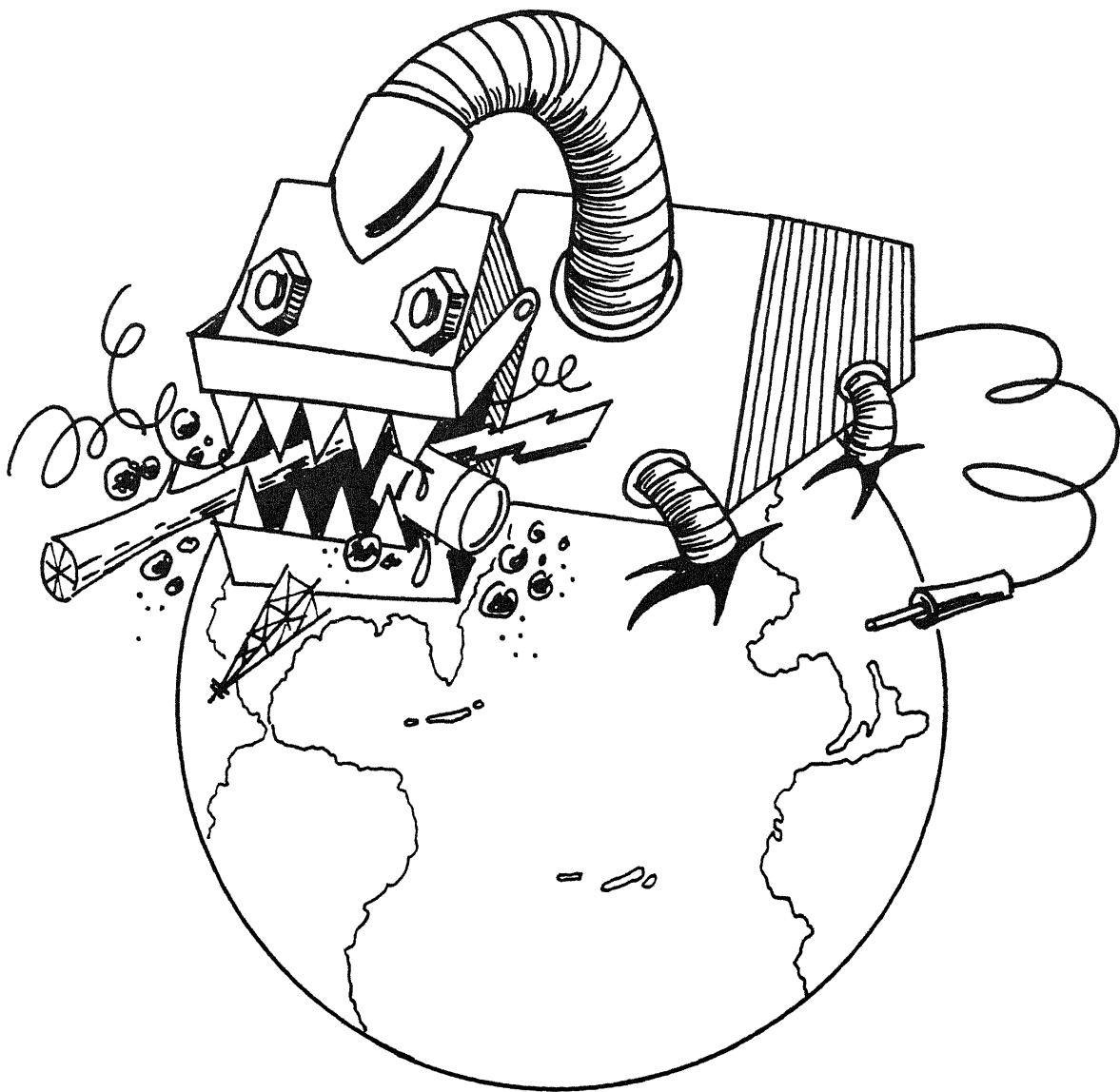
ENERGY

ECONOMICS

WORLD VIEW OF THE UNITED STATES
— RESOURCE ABUNDANCE —

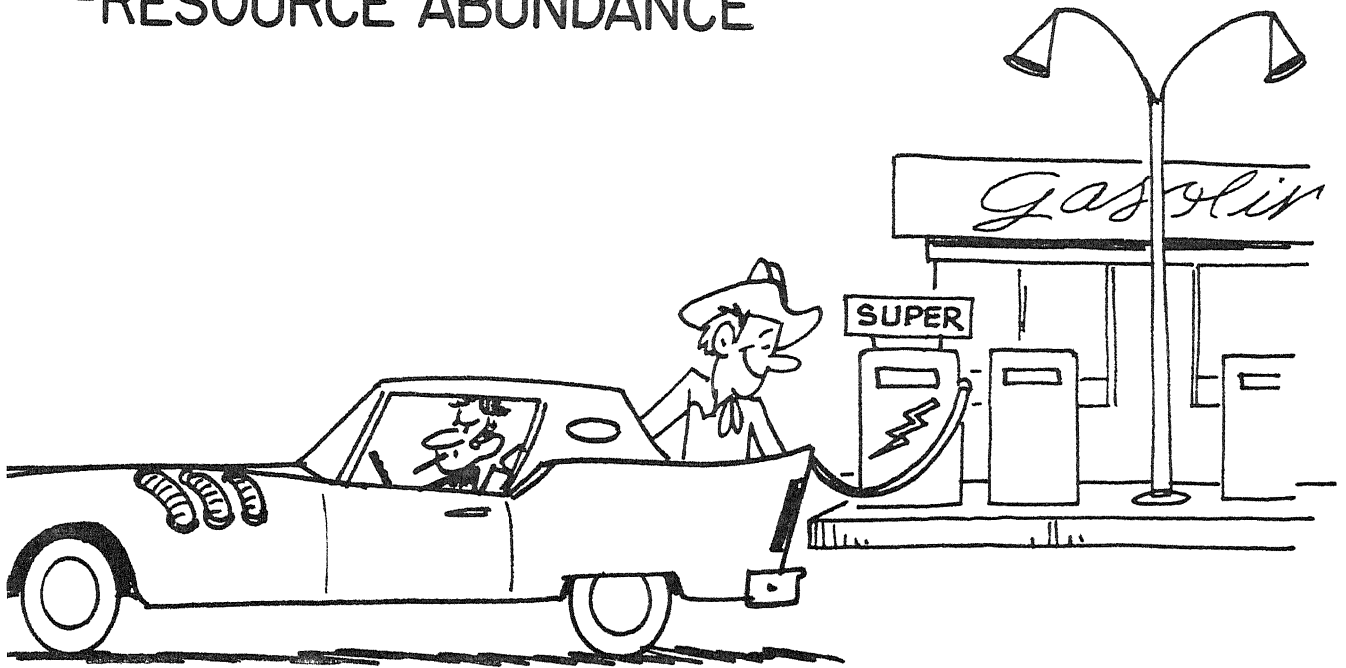


WORLD VIEW OF THE UNITED STATES - RESOURCE SCARCITY -



FREE MARKET ECONOMICS

-RESOURCE ABUNDANCE



FREE MARKET ECONOMICS

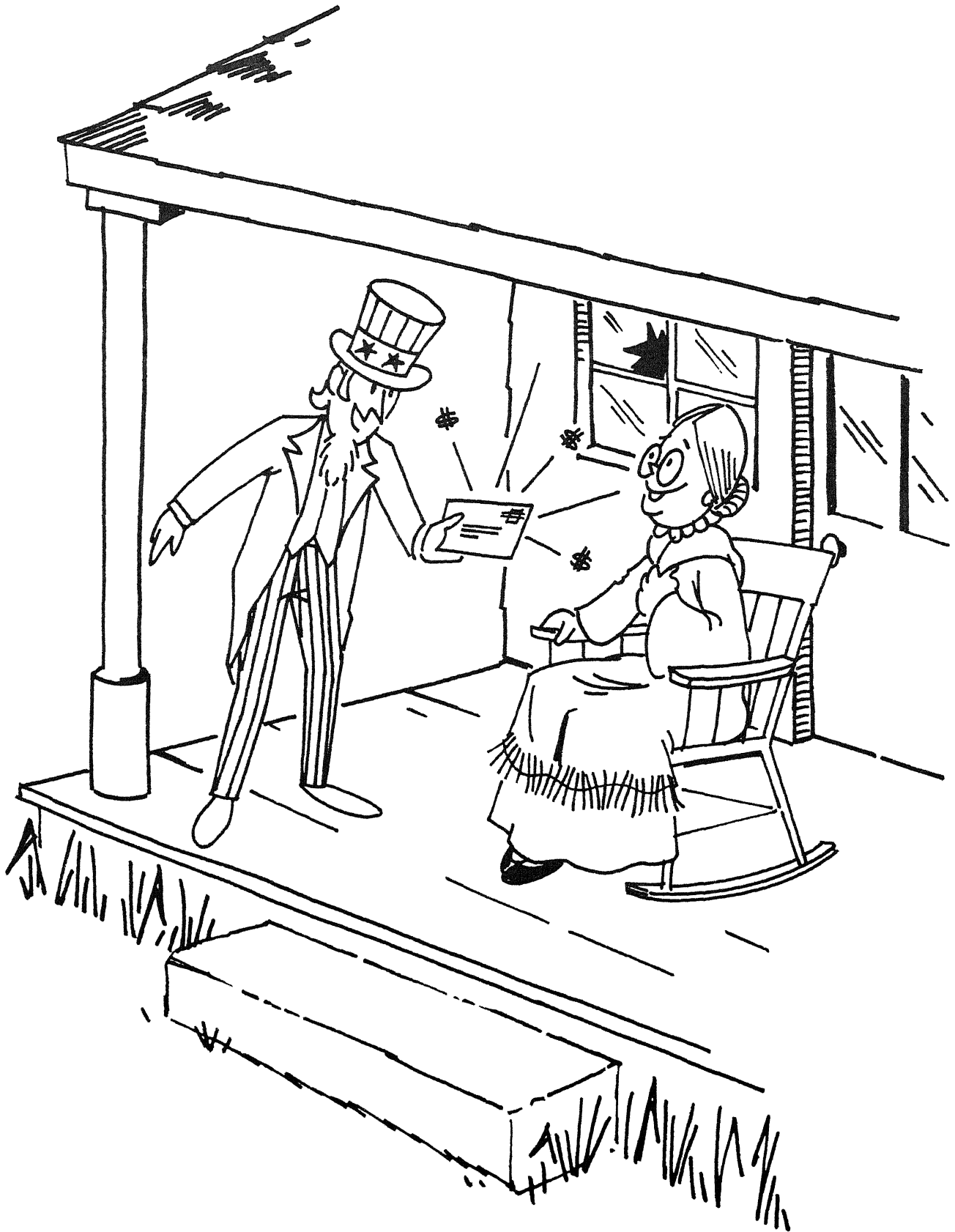
- RESOURCE SCARCITY



FREE MARKET INTERVENTION



AUNT EMMA ECONOMICS



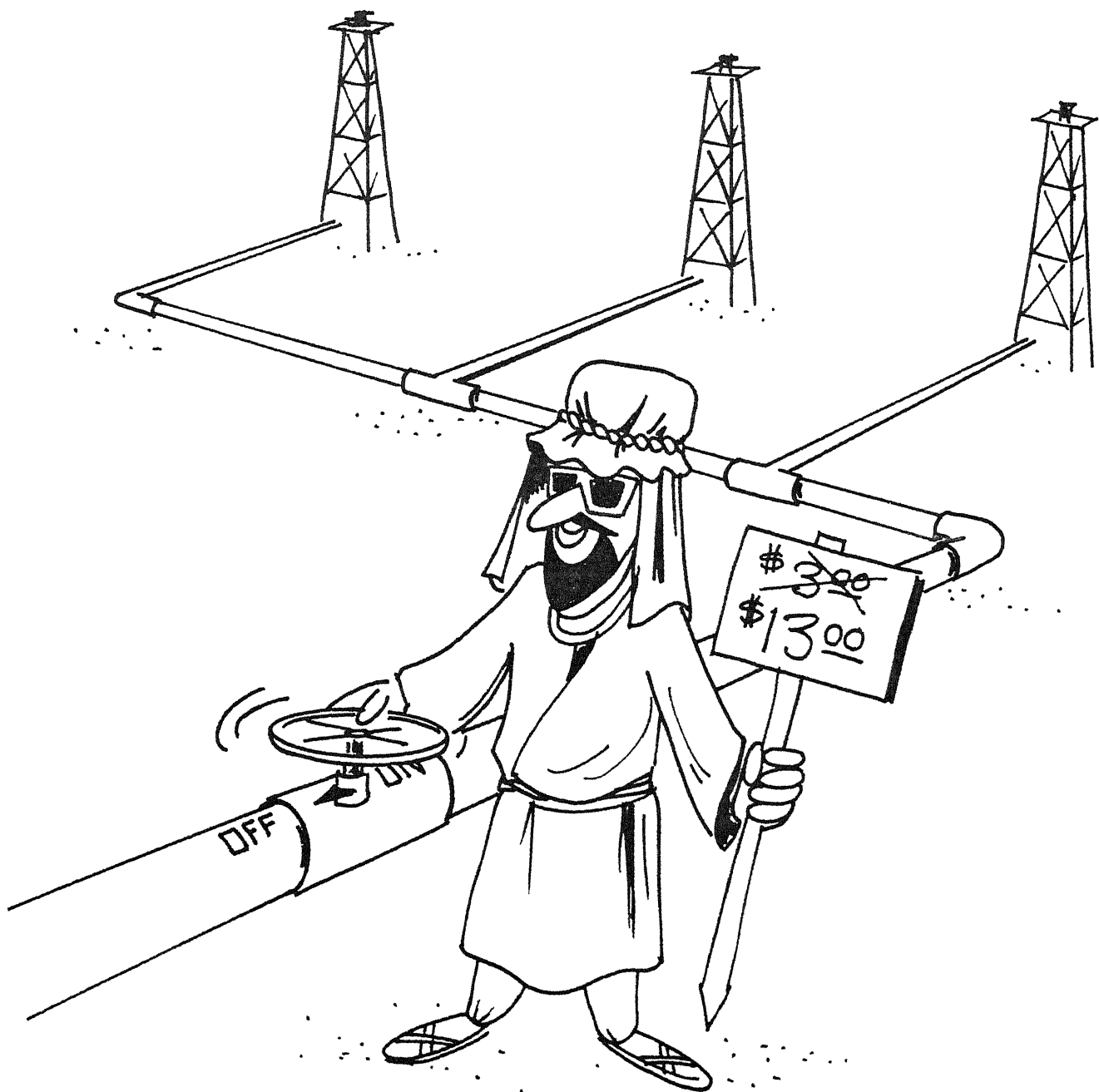
ROBIN HOOD ECONOMICS



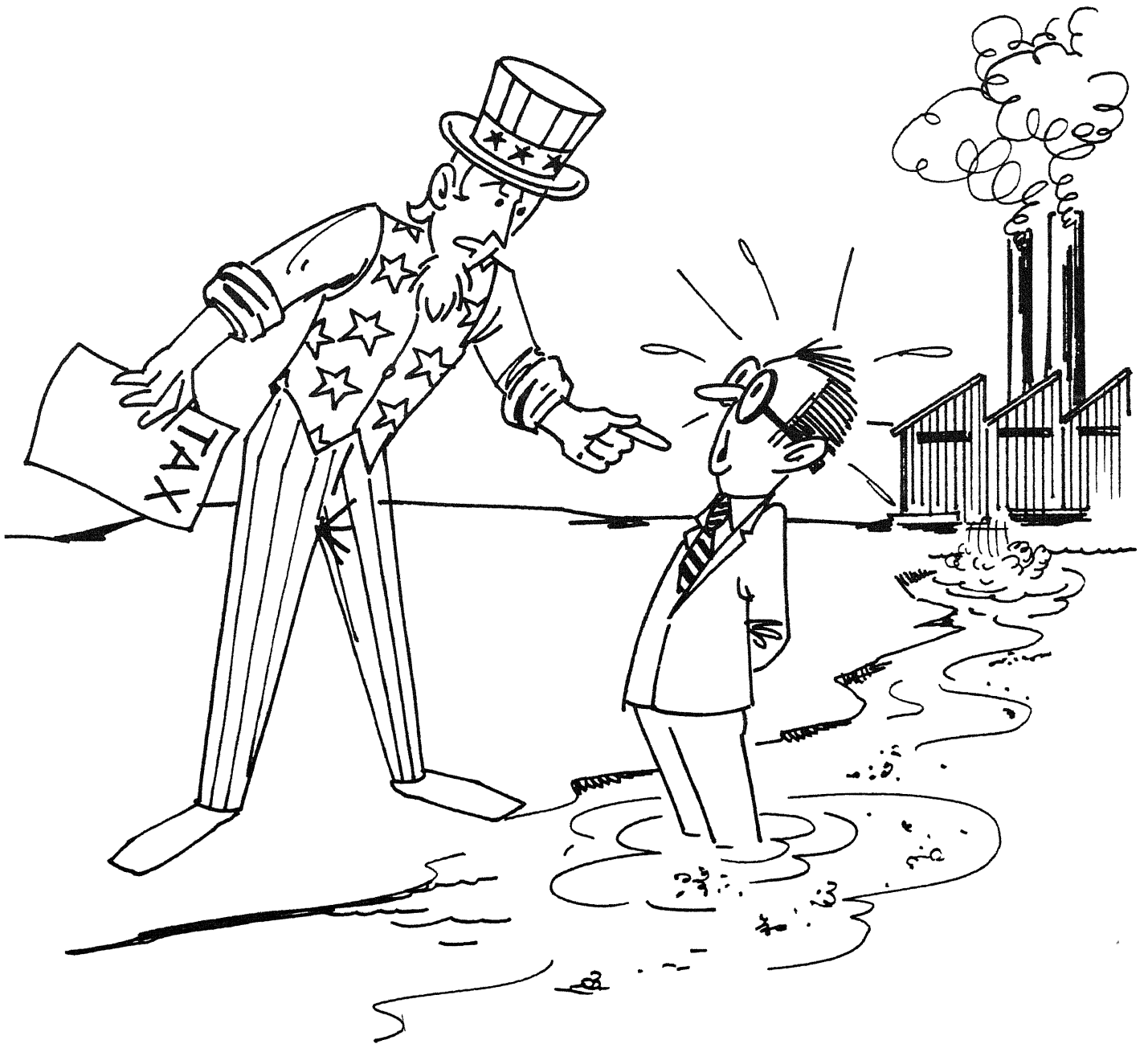
TWO BY FOUR ECONOMICS



CARTEL (MONOPOLY) ECONOMICS



ENVIRONMENTAL ECONOMICS

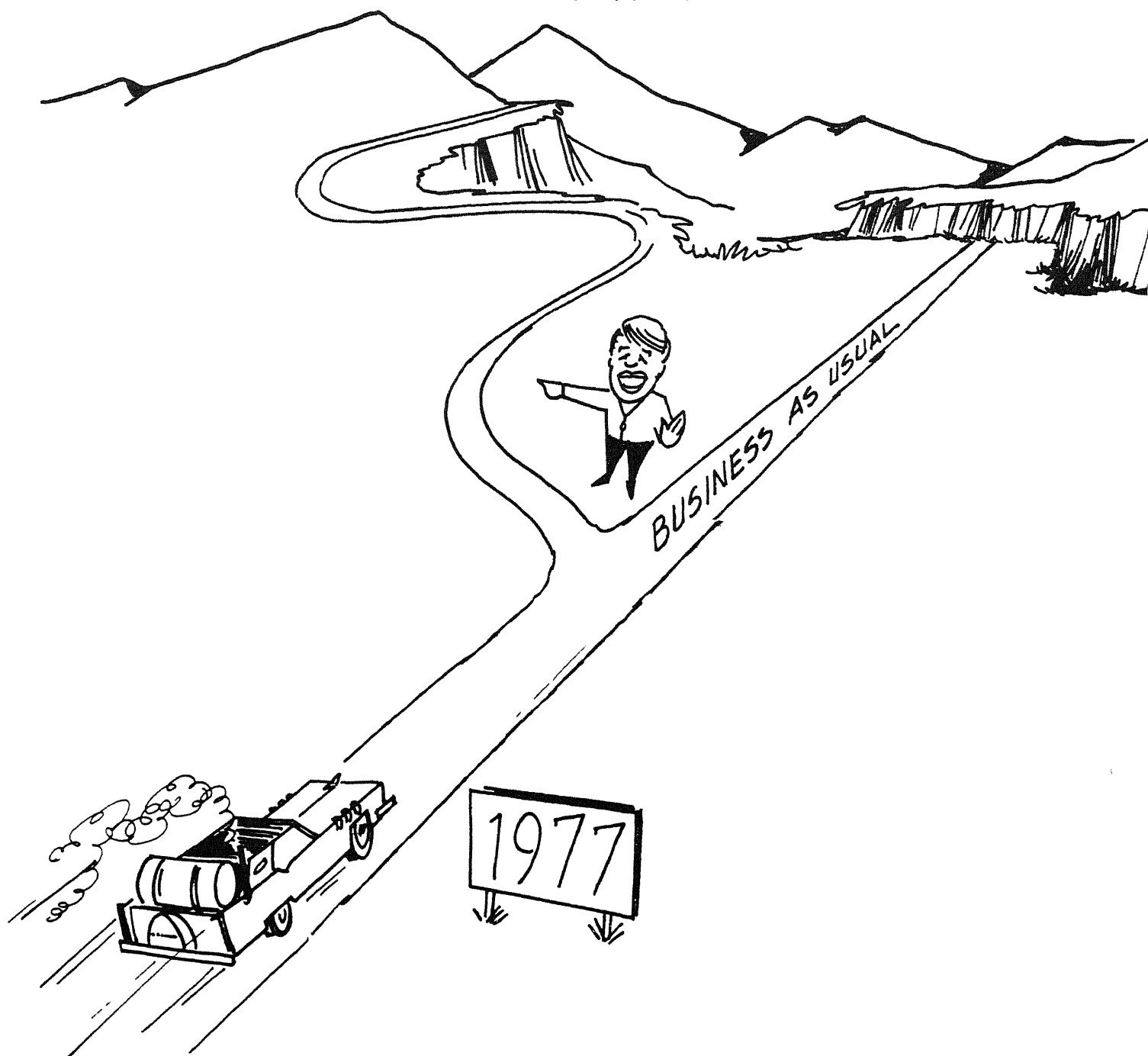


FUTURA ECONOMICS

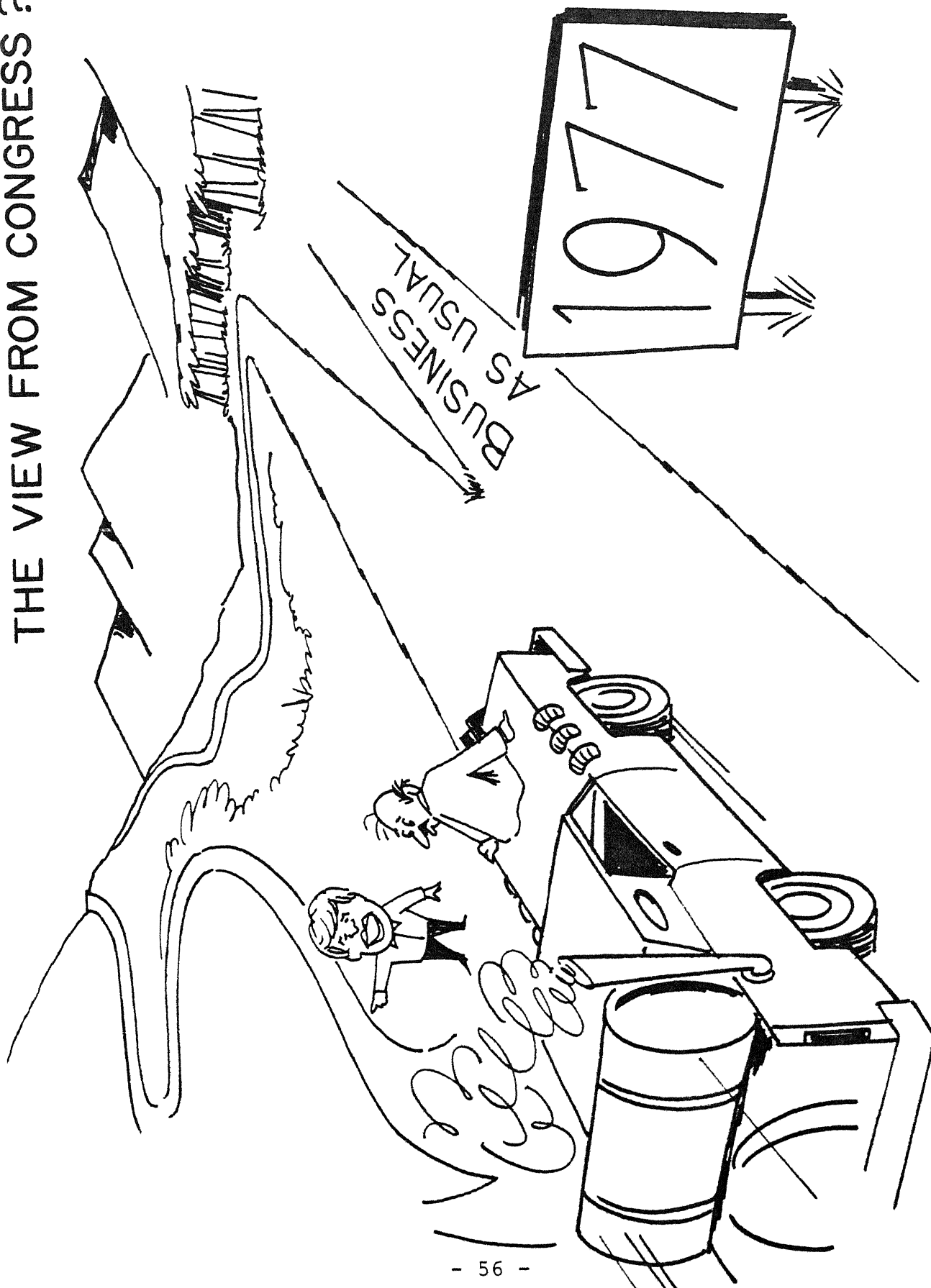


ENERGY POLICY CROSSROADS - WHICH ROAD TO 1985? -

CARTERS VIEW



THE VIEW FROM CONGRESS ?



A NECESSARY CONDITION

